

# **SENQU LOCAL MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2024**

**AUDITED**

# SENQU LOCAL MUNICIPALITY

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# SENQU LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### LEGAL FORM

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

### JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey  
Barkly East  
Sterkspruit  
Rhodes  
Herschel  
Rossouw

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	VV Stokhwe	Proportional	Member of Executive Committee
Speaker	NR Gwabeni	Proportional	Member of Executive Committee
Chief Whip	S Mfisa	Ward 10	Portfolio Head: Corporate Service
Ward Councillor	T Mbane	Ward 1	
Ward Councillor	P Mmele	Ward 2	
Ward Councillor	SM Ntlwatini	Ward 3	
Ward Councillor	M Mbijeka	Ward 4	
Ward Councillor	N Sebatana	Ward 5	
Ward Councillor	M Mbutyu	Ward 6	
Ward Councillor	Z Mangcipu	Ward 7	
Ward Councillor	KS Mpiti-Xhelesha	Ward 8	
Ward Councillor	JD Somsila	Ward 9	
Ward Councillor	T Nonjola	Ward 11	
Ward Councillor	B Duba	Ward 12	
Ward Councillor	M Kafile	Ward 13	
Ward Councillor	TM Dumzela	Ward 14	
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	MA Mshasha	Ward 16	
Ward Councillor	A Mvelase	Ward 17	
PR Councillor	MN Ngendane	Proportional	Portfolio Head: Community Services
PR Councillor	SL Ndakisa	Proportional	Portfolio Head: Technical Services
PR Councillor	B Mbonjwa	Proportional	Portfolio Head: DTPS
PR Councillor	N Ngendane	Proportional	Portfolio Head: Finance Services
PR Councillor	XG Magcai	Proportional	
PR Councillor	N Nyongwana	Proportional	
PR Councillor	L Nongogo	Proportional	
PR Councillor	MN Mgojo	Proportional	
PR Councillor	NM Phama	Proportional	
PR Councillor	B Lawu	Proportional	
PR Councillor	ZR Mxoli	Proportional	
PR Councillor	TJ Madiene	Proportional	
PR Councillor	P Mei	Proportional	
PR Councillor	N January	Proportional	
PR Councillor	MJ Moahloli	Proportional	

# SENQU LOCAL MUNICIPALITY

## GENERAL INFORMATION

### MUNICIPAL MANAGER

T Mawonga

### CHIEF FINANCIAL OFFICER

AK Fourie

### REGISTERED OFFICE

Murray Street, Lady Grey, 9755

### POSTAL ADDRESS

P.O. Box 18, Lady Grey, 9755

### AUDITORS

Auditor-General of South Africa, P.O. Box 13252, East London

### PRINCIPAL BANKERS

Standard Bank, Lady Grey

### ATTORNEYS

Le Roux Incorporated, 101 Cape Road, Gqeberha

MM Baloyi Incorporated, 14th Floor Marble Towers, Cnr Jeppe and Von Wielligh Streets, Johannesburg

Wesley Pretorius & Associates Incorporated, 24 Tottenham Road, Baysville, East London

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Labour Relation Amendment Act (Act 6 of 2014)

Collective Agreements

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

Municipal Regulation on Standard Chart of Accounts (mSCOA)

Amended Municipal Structures Act No: 3 of 2021

# SENQU LOCAL MUNICIPALITY

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these financial statements for the year ended 30 June 2024, which are set out on pages 1 to 118 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) Standards, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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 2025 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's annual 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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T Mawonga  
Municipal Manager

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Date

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>544 608 379</b>	<b>526 781 913</b>
Cash and Cash Equivalents	2	506 726 350	497 831 825
Receivables from exchange transactions	3	24 313 874	13 955 160
Receivables from non-exchange transactions	4	7 346 339	7 582 205
Taxes	5	5 497 593	6 804 796
Operating Lease Asset	6.1	50 746	359
Inventory	7	673 476	607 567
<b>Non-Current Assets</b>		<b>611 851 332</b>	<b>537 817 304</b>
Investment Property	8	48 397 100	47 271 925
Property, Plant and Equipment	9	562 362 479	488 913 920
Intangible Assets	10	47 570	77 642
Capitalised Restoration Cost (PPE)	11	1 044 183	1 553 817
<b>Total Assets</b>		<b>1 156 459 711</b>	<b>1 064 599 218</b>
<b>Current Liabilities</b>		<b>76 452 416</b>	<b>68 873 422</b>
Borrowings	12	942 652	922 862
Consumer Deposits	13	1 948 713	1 884 698
Payables from exchange transactions	14	18 102 451	11 990 078
Payables from non-exchange transactions	15	27 924 692	27 074 731
Operating Lease Liability	6.2	-	-
Current Employee benefits	16	27 533 908	27 001 053
<b>Non-Current Liabilities</b>		<b>54 380 642</b>	<b>50 640 880</b>
Borrowings	12	4 978 161	5 920 487
Employee benefits	17	22 216 000	19 749 000
Non-Current Provisions	18	27 186 480	24 971 393
<b>Total Liabilities</b>		<b>130 833 058</b>	<b>119 514 303</b>
<b>NET ASSETS</b>		<b>1 025 626 653</b>	<b>945 084 915</b>
<b>COMMUNITY WEALTH</b>			
Revaluation Reserve	19.1	100 386 876	91 022 401
Accumulated Surplus	19.2	925 239 777	854 062 514
		<b>1 025 626 653</b>	<b>945 084 915</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

		2024 R (Actual)	2023 R (Restated)
Notes			
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>268 197 319</b>	<b>248 818 638</b>
<b>Taxation Revenue</b>		<b>18 603 345</b>	<b>17 330 716</b>
Property Rates	20	18 603 345	17 330 716
<b>Transfer Revenue</b>		<b>243 082 516</b>	<b>223 217 310</b>
Transfers and Subsidies - Capital	21	43 309 971	34 365 765
Transfers and Subsidies - Operating	21	199 772 545	188 851 545
<b>Other Revenue</b>		<b>6 511 458</b>	<b>8 270 612</b>
Actuarial Gains	17	1 364 572	4 671 529
Fines, Penalties and Forfeits	22	928 740	915 394
Interest Earned - Penalty Interest on Property Rates	26	2 000 203	1 720 263
Gain on Fair Value Adjustments of Investment Property	8	1 605 675	963 425
Gain on Disposal of Capitalised Restoration Cost (PPE)	11	612 268	-
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>119 750 750</b>	<b>95 243 481</b>
<b>Operating Activities</b>		<b>119 750 750</b>	<b>95 243 481</b>
Service Charges	23	65 477 077	53 643 060
Rental from Fixed Assets	24	1 813 788	1 475 736
Interest Earned - external investments	25	43 067 757	32 208 528
Interest Earned - Service Debtors	26	5 815 409	4 751 626
Licences and Permits	27	1 225 974	1 300 733
Agency Services	28	1 046 830	1 204 135
Sales of Goods and Rendering of Services	29	403 874	110 377
Operational Revenue	30	551 150	549 287
Gain on Disposal of Investment Property	42	348 891	-
<b>TOTAL REVENUE</b>		<b>387 948 070</b>	<b>344 062 119</b>
<b>EXPENDITURE</b>			
Employee related costs	31	132 545 352	124 615 650
Remuneration of Councillors	32	13 910 269	12 975 962
Debt Impairment	33	17 464 288	16 641 103
Depreciation and Amortisation	34	17 689 077	17 032 144
Impairment Loss	35	1 109 447	314 017
Actuarial Losses	17	20 207	-
Finance Charges	36	5 645 685	5 397 454
Bulk Purchases	37	48 678 878	45 498 755
Contracted services	38	38 519 241	31 251 097
Transfers and Subsidies	39	36 321	42 055
Operating Leases	40	408 494	550 203
Operational Cost	41	40 013 784	41 159 753
Loss on Disposal of Assets	42	705 871	833 099
Inventory Loss	7	23 892	3 142
<b>TOTAL EXPENDITURE</b>		<b>316 770 806</b>	<b>296 314 434</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>71 177 263</b>	<b>47 747 685</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2024

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2022</b>	<b>85 610 740</b>	<b>805 867 706</b>	<b>891 478 444</b>
Correction of Error - Refer to note 44.5	-	447 122	447 122
<b>Balance on 30 June 2022 - Restated</b>	<b>85 610 740</b>	<b>806 314 828</b>	<b>891 925 566</b>
Net Surplus for the year	-	47 747 685	47 747 685
Revaluation on Land and Buildings	5 411 661	-	5 411 661
<b>Balance on 30 June 2023 - Restated</b>	<b>91 022 401</b>	<b>854 062 513</b>	<b>945 084 912</b>
Net Surplus for the year	-	71 177 263	71 177 263
Revaluation on Land and Buildings	9 364 474	-	9 364 474
<b>Balance on 30 June 2024</b>	<b>100 386 876</b>	<b>925 239 777</b>	<b>1 025 626 650</b>



# SENQU LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

		2024 R (Actual)	2023 R (Restated)
Notes			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates		16 011 309	13 342 325
Service charges and interest on outstanding debtors		49 800 546	48 290 229
Other revenue		3 550 108	5 605 946
Government - operating		200 396 174	184 102 250
Government - capital		42 515 826	41 915 750
Interest		44 088 233	32 980 402
<b>Payments</b>			
Suppliers and employees		(264 025 117)	(249 596 460)
Finance charges		(599 568)	(610 062)
Transfers and Grants		(36 321)	(42 055)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>45</b>	<b>91 701 189</b>	<b>75 988 326</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Investment Property		557 391	-
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(82 519 025)	(35 317 128)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(81 961 633)</b>	<b>(35 317 128)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Increase in Consumer Deposits		64 015	64 090
<b>Payments</b>			
Loans repaid		(909 046)	(916 507)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(845 031)</b>	<b>(852 417)</b>
<b>NET INCREASE IN CASH HELD</b>			
		<b>8 894 524</b>	<b>39 818 783</b>
Cash and Cash Equivalents at the beginning of the year		497 831 825	458 013 042
Cash and Cash Equivalents at the end of the year		506 726 349	497 831 825

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2024 R (Actual)	2024 R (Final Budget)	2024 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	506 726 350	390 389 476	116 336 874	30%	Result of Increased revenue, investment strategy and Unspent Grants at year-end.
Trade and other receivables from exchange transactions	24 313 874	13 979 043	10 334 831	74%	Net result of the increase in Consumer debtors actual amount and the increase in the Provision for Debt Impairment in the budget
Receivables from non-exchange transactions	7 346 339	7 488 294	(141 955)	-2%	-
Inventory	673 476	607 567	65 910	11%	Less inventory utilised before year-end than anticipated
VAT	5 497 593	6 805 156	(1 307 563)	-19%	Result of the VAT 201 submissions
Other current assets	50 746	-	50 746	0%	Effect of renewed lease contracts for the Operating lease assets
<b>Total current assets</b>	<b>544 608 379</b>	<b>419 269 535</b>	<b>125 338 843</b>		
<b>Non-current assets</b>					
Investment property	48 397 100	47 271 925	1 125 175	2%	Effect of the Fair value adjustments on Investment Property
Property, plant and equipment	562 362 479	602 097 141	(39 734 662)	-7%	Effect of the under-expenditure of the capital budget
Intangible Assets	47 570	524 567	(476 996)	-91%	The latest Microsoft office software were treated as an operational expense as it expires after one year
Capitalised Restoration Cost	1 044 183	-	1 044 183	100%	Budgeted for under Property, plant and equipment
<b>Total non-current assets</b>	<b>611 851 332</b>	<b>649 893 633</b>	<b>(38 042 300)</b>		
<b>TOTAL ASSETS</b>	<b>1 156 459 711</b>	<b>1 069 163 168</b>	<b>87 296 543</b>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	942 652	942 691	(39)	0%	-
Consumer deposits	1 948 713	1 997 780	(49 067)	-2%	-
Trade and other payables from exchange transactions	18 102 451	15 571 326	2 531 125	16%	Effect of infrastructure payment vouchers paid after year-end
Trade and other payables from non-exchange transactions	27 924 692	23 775 801	4 148 891	17%	Effect of Unspent Disaster Relief Grant received close to year-end
Provisions	27 533 908	21 642 179	5 891 729	27%	Performance Bonusses for 2022/2023 were not paid before year-end
<b>Total current liabilities</b>	<b>76 452 416</b>	<b>63 929 777</b>	<b>12 522 639</b>		
<b>Non-current liabilities</b>					
Borrowing	4 978 161	4 977 795	366	0%	-
Provisions	30 124 480	29 832 394	292 087	1%	-
Other non-current liabilities	19 278 000	20 764 449	(1 486 449)	-7%	Effect of Actuarial Assumptions used for the Post Employment medical aid calculations
<b>Total non-current liabilities</b>	<b>54 380 642</b>	<b>55 574 638</b>	<b>(1 193 996)</b>		
<b>TOTAL LIABILITIES</b>	<b>130 833 058</b>	<b>119 504 415</b>	<b>11 328 644</b>		
<b>NET ASSETS</b>	<b>1 025 626 653</b>	<b>949 658 753</b>	<b>75 967 899</b>		
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	669 124 984	520 196 581	148 928 403	29%	Effect of under-expenditure of budget; Less contributions to reserves
Reserves	356 501 668	429 462 172	(72 960 504)	-17%	Less contributions to reserves than anticipated
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 025 626 652</b>	<b>949 658 753</b>	<b>75 967 899</b>		

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024**

**ADJUSTMENTS TO APPROVED BUDGET**

	2024 R (Approved Budget)	2024 R (Adjustments)	2024 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	333 978 520	56 410 956	390 389 476	17%	Increased to a more realistic amount and the result of all other transactions in the budget
Trade and other receivables from exchange transactions	27 624 613	(13 645 570)	13 979 043	-49%	Decreased to a more realistic amount based on the actuals for the previous financial year
Receivables from non-exchange transactions	4 177 459	3 310 835	7 488 294	79%	Increased to a more realistic amount based on the actuals for the previous financial year
Inventory	550 845	56 722	607 567	10%	Increased to a more realistic amount based on the actuals for the previous financial year
VAT	3 558 083	3 247 073	6 805 156	91%	Increased to a more realistic amount based on the actuals for the previous financial year
<b>Total current assets</b>	<b>369 889 520</b>	<b>49 380 015</b>	<b>419 269 535</b>		
<b>Non-current assets</b>					
Investment property	46 308 500	963 425	47 271 925	2%	Increased to a more realistic amount based on the actuals for the previous financial year
Property, plant and equipment	584 282 996	17 814 145	602 097 141	3%	Result of the increase in the capital budget due to an Additional Disaster Relief Grant received
Intangible Assets	2 072 158	(1 547 592)	524 567	-75%	Decreased to a more realistic amount based on the actuals for the previous financial year
<b>Total non-current assets</b>	<b>632 663 654</b>	<b>17 229 979</b>	<b>649 893 633</b>		
<b>TOTAL ASSETS</b>	<b>1 002 553 174</b>	<b>66 609 994</b>	<b>1 069 163 168</b>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	942 786	(95)	942 691	0%	-
Consumer deposits	2 136 205	(138 425)	1 997 780	-6%	Decreased to a more realistic amount based on the actuals for the previous financial year
Trade and other payables from exchange transactions	16 655 155	(1 083 829)	15 571 326	-7%	Decreased to a more realistic amount based on the actuals for the previous financial year
Trade and other payables from non-exchange transactions	12 768 768	11 007 033	23 775 801	86%	Effect of the Unspent grants for the 2022/2023 financial year
Provisions	20 525 535	1 116 644	21 642 179	5%	Increased to a more realistic amount based on the actuals for the previous financial year
<b>Total current liabilities</b>	<b>53 028 450</b>	<b>10 901 327</b>	<b>63 929 777</b>		
<b>Non-current liabilities</b>					
Borrowing	4 977 723	73	4 977 795	0%	-
Provisions	37 972 681	(8 140 287)	29 832 394	-21%	Reclassification of Employee Benefits to "Other non-current liabilities" below; effect of the restatement on the Landfill site provision
Other non-current liabilities	-	20 764 449	20 764 449	100%	Reclassification of Employee Benefits previously disclosed under "Provisions" above
<b>Total non-current liabilities</b>	<b>42 950 404</b>	<b>12 624 234</b>	<b>55 574 638</b>		
<b>TOTAL LIABILITIES</b>	<b>95 978 853</b>	<b>23 525 561</b>	<b>119 504 415</b>		
<b>NET ASSETS</b>	<b>906 574 320</b>	<b>43 084 433</b>	<b>949 658 753</b>		
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus/(Deficit)	505 135 103	15 061 478	520 196 581	3%	Appropriation to and from Reserves
Funds and Reserves	401 439 218	28 022 955	429 462 172	7%	Increased to a more realistic amount based on the actuals for the previous financial year
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>906 574 320</b>	<b>43 084 433</b>	<b>949 658 753</b>		

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2024 R	2024 R	2024 R		
REVENUE BY SOURCE	(Actual)	(Final Budget)	(Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>Exchange Revenue</b>					
Service charges	65 477 077	69 815 087	(4 338 010)	-6%	Consumption based budget
Sale of Goods and Rendering of Services	403 874	276 755	127 119	46%	More revenue received from Building Plans than budgeted for
Agency services	1 046 830	1 464 890	(418 060)	-29%	Less revenue received than budgeted for as a result of fewer transactions
Interest earned from Receivables	5 815 409	5 441 598	373 811	7%	-
Interest earned from Current and Non Current A	43 067 757	33 167 182	9 900 575	30%	Effect of bigger investment amounts due to Investment strategy
Rent on Land	-	2 530	(2 530)	-100%	-
Rental from Fixed Assets	1 813 788	1 667 566	146 222	9%	-
Licence and permits	1 225 974	1 436 609	(210 635)	-15%	Less revenue received than budgeted for as a result of fewer transactions
Operational Revenue	900 042	766 518	133 523	17%	Gain on Disposal of Investment property included in the actual amount
<b>Non-Exchange Revenue</b>					
Property rates	18 603 345	17 048 155	1 555 190	9%	Actual Property Rates billed more than expected
Fines, penalties and forfeits	928 740	589 098	339 642	58%	Penalties recognised on Infrastructure projects due to delays not budgeted for
Transfer and subsidies - Operational	199 772 545	201 862 657	(2 090 113)	-1%	Effect of Unspent Grants at year-end
Interest	2 000 203	1 790 728	209 474	12%	Effect of increase in Property Rates debtor
Gains	3 582 515	100 000	3 482 515	3483%	Actuarial Gain included in the actual amount
<b>TOTAL OPERATING REVENUE</b>	<b>344 638 098</b>	<b>335 429 373</b>	<b>9 208 725</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	132 545 352	139 518 861	(6 973 508)	-5%	Not all new positions that were created in the budget were filled before year-end
Remuneration of councillors	13 910 269	13 939 419	(29 150)	0%	-
Bulk purchases - electricity	48 678 878	61 537 072	(12 858 194)	-21%	Demand less than anticipated due to loadshedding in the first half of the financial year
Inventory consumed	-	21 534 574	(21 534 574)	-100%	Accounted for under "Other expenditure" in terms of GRAP
Debt impairment	17 464 288	17 221 566	242 722	1%	-
Depreciation and amortisation	17 689 077	18 693 076	(1 003 999)	-5%	Effect of the review of useful lives
Interest	5 645 685	5 476 097	169 588	3%	-
Contracted services	38 519 241	58 993 432	(20 474 191)	-35%	Cost containment strategy and the under-expenditure of the budget
Transfers and subsidies	36 321	46 451	(10 130)	-22%	Less paid than budgeted for
Operational costs	40 422 278	41 029 566	(607 288)	-1%	-
Losses	1 859 417	2 000 000	(140 583)	-7%	-
<b>TOTAL OPERATING EXPENDITURE</b>	<b>316 770 806</b>	<b>379 990 113</b>	<b>(63 219 307)</b>		
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>27 867 292</b>	<b>(44 560 741)</b>	<b>72 428 032</b>		
Transfers and subsidies - capital	43 309 971	44 348 509	(1 038 538)	-2%	Effect of Unspent Disaster Relief Grant at to year-end
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>71 177 262</b>	<b>(212 232)</b>	<b>71 389 495</b>		

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

ADJUSTMENTS TO APPROVED BUDGET	2024 R	2024 R	2024 R		
REVENUE BY SOURCE	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>Exchange Revenue</b>					
Service charges	71 789 271	(1 974 184)	69 815 087	-3%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Sale of Goods and Rendering of Services	127 646	149 108	276 755	117%	Increased as a result of Entrance fees received for a concert that was held.
Agency services	1 539 889	(74 999)	1 464 890	-5%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Interest earned from Receivables	4 419 292	1 022 306	5 441 598	23%	Increased to a more realistic amount based on the actual trends for the first 6 months
Interest earned from Current and Non Current Assets	23 819 430	9 347 751	33 167 182	39%	Increased as a result of the higher interest rates and Investment Strategy
Rent on Land	2 530	-	2 530	0%	-
Rental from Fixed Assets	1 777 875	(110 309)	1 667 566	-6%	-
Licence and permits	1 432 609	4 000	1 436 609	0%	-
Operational Revenue	766 518	-	766 518	0%	-
<b>Non-Exchange Revenue</b>					
Property rates	17 048 155	-	17 048 155	0%	-
Fines, penalties and forfeits	74 098	515 000	589 098	695%	Increased due to penalties that were raised on infrastructure project delays
Transfer and subsidies - Operational	200 984 435	878 222	201 862 657	0%	Result of the VAT portion of the Disaster Relief Grant received from Provincial Treasury
Interest	1 790 728	-	1 790 728	0%	-
Gains	-	100 000	100 000	100%	Gains on disposal of land previously not budgeted for
<b>TOTAL OPERATING REVENUE</b>	<b>325 572 478</b>	<b>9 856 895</b>	<b>335 429 373</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	130 324 351	9 194 510	139 518 861	7%	Result of new positions that were included for 2023/2024 as well aligning the expenditure to the actual trends for the first 6 months of the financial year
Remuneration of councillors	17 054 665	(3 115 246)	13 939 419	-18%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Bulk purchases - electricity	61 537 072	-	61 537 072	0%	-
Inventory consumed	18 819 980	2 714 594	21 534 574	14%	Increased as a result of the increase in the fuel price and fuel consumption
Debt impairment	14 562 404	2 659 162	17 221 566	18%	Increased to account for the portion of Debts written-off during the financial year
Depreciation and amortisation	18 833 179	(140 104)	18 693 076	-1%	-
Interest	3 802 278	1 673 819	5 476 097	44%	Increased due to the effect that iGRAP 2 and the latest Guideline on Accounting for Landfill Sites had on the interest on Landfill site calculations
Contracted services	59 044 233	(50 801)	58 993 432	0%	-
Transfers and subsidies	36 450	10 001	46 451	27%	-
Operational costs	36 682 404	4 347 162	41 029 566	12%	Increased to a more realistic amount based on the actual trends for the first 6 months, increased operational costs such as traveling and accommodation
Losses	2 000 000	-	2 000 000	0%	-
<b>TOTAL OPERATING EXPENDITURE</b>	<b>362 697 016</b>	<b>17 293 097</b>	<b>379 990 113</b>		
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(37 124 538)</b>	<b>(7 436 202)</b>	<b>(44 560 741)</b>		
Transfers and subsidies - capital	37 574 565	6 773 943	44 348 509	18%	Net result of the additional Disaster Relief Grant received from Provincial Treasury and the reduction in the MIG for 2023/24
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>450 027</b>	<b>(662 259)</b>	<b>(212 232)</b>		

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2024 R	2024 R	2024 R		
	(Actual)	(Final Budget)	(Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates	16 011 309	15 785 301	226 007	1%	-
Service charges	49 800 546	61 456 326	(11 655 781)	-23%	Consumption based budget
Other revenue	3 550 108	5 905 278	(2 355 170)	-66%	Interest earned on outstanding debtors included under Service charges in the AFS and Other revenue in the budget
Government - operating	200 396 174	200 396 174	-	0%	-
Government - capital	42 515 826	47 466 826	(4 951 000)	-12%	-
Interest	44 088 233	33 167 182	10 921 052	25%	Effect of bigger investment amounts due to Investment strategy
<b>Payments</b>					
Suppliers and Employees	(264 025 117)	(332 473 989)	68 448 872	-26%	Under-expenditure of the operational budget
Finance charges	(599 568)	(5 476 097)	4 876 529	-813%	Only finance charges physically paid included in the "actual" amount
Transfers and Grants	(36 321)	(46 451)	10 130	-100%	Less paid than budgeted for
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>91 701 189</b>	<b>26 180 550</b>	<b>65 520 639</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	557 391	100 000	457 391	82%	More money received from Investment Property Sales than budgeted for
<b>Payments</b>					
Capital assets	(82 519 025)	(132 913 118)	50 394 094	-61%	Under-expenditure of the capital budget as a result of delays in projects
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(81 961 633)</b>	<b>(132 913 118)</b>	<b>50 394 094</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Increase in consumer deposits	64 015	113 082	(49 067)	-77%	Less consumer deposits during the year than anticipated
<b>Payments</b>					
Repayment of borrowing	(909 046)	(922 862)	13 816	-2%	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(845 031)</b>	<b>(809 780)</b>	<b>(35 251)</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>8 894 525</b>	<b>(107 542 348)</b>	<b>115 879 482</b>		
Cash and Cash Equivalents at the beginning of the year	497 831 825	497 831 824	0	0%	-
Cash and Cash Equivalents at the end of the year	506 726 349	390 389 476	116 336 873	23%	Result of under-expenditure of the budget and effect of unspent grants at year end

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024**

**ADJUSTMENTS TO APPROVED BUDGET**

	2024 R	2024 R	2024 R		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(Approved Budget)</b>	<b>(Adjustments)</b>	<b>(Final Budget)</b>		<b>Explanations for material variances (10% of line-item with a minimum of R1m)</b>
<b>Receipts</b>					
Property rates	13 028 581	2 756 720	15 785 301	21%	Interest earned on outstanding debtors included in the final budget as per NT schedules
Service charges	54 862 964	6 593 362	61 456 326	12%	Interest earned on outstanding debtors included in the final budget as per NT schedules
Other revenue	5 301 983	603 296	5 905 278	11%	Result of penalties recognised on infrastructure project delays
Transfers and Subsidies - Operational	199 394 435	1 001 739	200 396 174	1%	Result of the EPWP - Provincial Grant that was removed
Transfers and Subsidies - Capital	37 574 565	9 892 261	47 466 826	26%	Net result of the additional Disaster Relief Grant received from Provincial Treasury and the reduction in the MIG for 2023/24
Interest	30 029 451	3 137 731	33 167 182	10%	Increased as a result of the higher interest rates and Investment Strategy
<b>Payments</b>					
Suppliers and Employees	(315 476 352)	(16 997 638)	(332 473 989)	5%	Result of the increase in budget for operating expenditure as well as increase in Employee Related Costs
Finance charges	(3 802 278)	(1 673 819)	(5 476 097)	44%	Increased due to the effect that iGRAP 2 and the latest Guideline on Accounting for Landfill Sites had on the interest on Landfill site calculations
Transfers and subsidies	(36 450)	(10 001)	(46 451)	27%	Less paid than budgeted for
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20 876 898</b>	<b>5 303 652</b>	<b>26 180 550</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	-	100 000	100 000	100%	Gains on disposal of Investment Property previously not budgeted for
<b>Payments</b>					
Capital assets	(82 881 350)	(50 031 768)	(132 913 118)	60%	Result of the additional infrastructure projects included in the final budget
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(82 881 350)</b>	<b>(49 931 768)</b>	<b>(132 813 118)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Increase in consumer deposits	120 917	(7 835)	113 082	-6%	-
<b>Payments</b>					
Repayment of borrowing	(923 106)	244	(922 862)	0%	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(802 188)</b>	<b>(7 592)</b>	<b>(809 780)</b>		
<b>NET DECREASE IN CASH HELD</b>	<b>(62 806 640)</b>	<b>(44 635 709)</b>	<b>(107 442 348)</b>		
Cash and Cash Equivalents at the beginning of the year	396 785 160	101 046 665	497 831 824	25%	Increased to a more realistic amount based on the actuals for the previous financial year
Cash and Cash Equivalents at the end of the year	333 978 520	56 410 956	390 389 476	17%	Increased to a more realistic amount and the result of all other transactions in the budget

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### **1 ACCOUNTING POLICIES**

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

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

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

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

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

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

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

#### **1.02 TRANSITIONAL PROVISIONS**

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

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

#### **1.03 PRESENTATION CURRENCY**

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

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

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



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.05 COMPARATIVE INFORMATION

#### 1.05.1 Prior year comparatives

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

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Items deemed immaterial are also corrected if the value thereof can become material.

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

#### 1.05.2 Amended Accounting Policies

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

No significant amendments were made to the accounting policies in the current year.

### 1.06 MATERIALITY

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

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

### 1.07 BUDGET INFORMATION

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

#### **1.08.1 Effective dates determined**

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

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

##### **1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)**

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

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

##### **1.08.1.2 iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)**

No significant impact is expected as the Municipality is not exposed to any significant foreign currency transactions.

#### **1.08.2 Effective dates not yet determined**

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

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

##### **1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets**

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

The impact of this Standard on the financial statements will not be significant, as the Municipality does not have any assets that meet the definition of a heritage asset as prescribed per GRAP 103.

##### **1.08.2.2 GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control**

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

##### **1.08.2.3 GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control**

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

#### 1.08.2.4 GRAP 107 (Revised 2023) - Mergers

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any mergers in the near future.

#### 1.08.2.5 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

#### 1.08.2.6 Improvements to the Standards of GRAP (2023)

The improvements will affect the following pronouncements to the Standard of GRAP:

Pronouncement	Description
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 13	Leases
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments
IGRAP 20	Accounting for Adjustments to Revenue
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Guideline	Application of Materiality to Financial Statements

The effect of the improvements to the above-mentioned pronouncements is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.09 RESERVES

#### 1.09.1 *Revaluation Reserve*

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

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

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

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

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

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

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

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

#### 1.09.3 *Employee Benefits Reserve*

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

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

#### 1.09.4 *Valuation Roll Reserve*

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### **1.10 INVESTMENT PROPERTY**

#### **1.10.1 Initial Recognition**

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

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

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

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

#### **1.10.2 Subsequent Measurement – Fair Value Model**

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

#### **1.10.3 Derecognition**

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### **1.11 PROPERTY, PLANT AND EQUIPMENT**

#### **1.11.1 Initial Recognition**

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

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

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

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

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

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

#### **1.11.2 Subsequent Measurement - Cost Model**

Subsequent to initial recognition, items of property, plant and equipment, other than Land and Buildings, are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

#### **1.11.3 Subsequent Measurement – Revaluation Model**

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

#### 1.11.4 Depreciation

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

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

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

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

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

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Paving	7 - 115	Buildings and	
Bridges	50 - 80	Improvements	100
Electricity	10 - 70	Land	Indefinite
Storm Water	15 - 85		
<b>Community</b>		<b>Other Assets</b>	
Community Halls	100	Vehicles	5 - 27
Libraries	100	Plant & Equipment	3 - 24
Parks & Gardens	15 - 50	Furniture	5 - 26
Sports facilities	30 - 45	Special Vehicles	10 - 14
Cemeteries	10 - 15	Specialised plant and	10 - 23
		Equipment	
<b>Capitalised Restoration Cost</b>		Office Equipment	5 - 24
Landfill Sites	9 - 25	Computer Equipment	5 - 24

#### 1.11.5 Impairment

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

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

#### 1.11.6 Derecognition

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

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

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

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

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

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

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

#### 1.12.2 Subsequent Measurement - Cost Model

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



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.3 Amortisation

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

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

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

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

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

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

	<b>Years</b>
Computer Software	5 - 24

#### 1.12.4 Impairment

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

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

#### 1.12.5 Derecognition

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

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

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

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

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

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

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

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

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

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

#### **1.13.3 Impairment loss**

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

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

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

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

#### **1.13.4 Reversal of an impairment loss**

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

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.14 INVENTORIES

#### 1.14.1 Initial Recognition

Inventories are assets:

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

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

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

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

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

#### 1.14.2 Subsequent Measurement

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

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

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

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.15 EMPLOYEE BENEFITS

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

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

#### 1.15.1 Post-Retirement Benefits

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

##### 1.15.1.1 *Defined Contribution Plans*

The Municipality contributes to various defined contribution plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

##### 1.15.1.2 *Post Retirement Medical Obligations*

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.2 Long-term Benefits

##### 1.15.2.1 Long Service Awards

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

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

#### 1.15.3 Short-term Benefits

##### 1.15.3.1 Provision for Staff Leave

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

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

##### 1.15.3.2 Staff Bonuses Accrued

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

##### 1.15.3.3 Provision for Performance Bonuses

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.16 PROVISIONS

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

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

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

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.17 LEASES

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

#### 1.17.1 Municipality as Lessee

##### 1.17.1.1 Finance Leases

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

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

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

##### 1.17.1.2 Operating leases

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

#### 1.17.2 Municipality as Lessor

##### 1.17.2.1 Operating Leases

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.18 FINANCIAL INSTRUMENTS

#### 1.18.1 Initial Recognition

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

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

#### 1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments. that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### **1.18 FINANCIAL INSTRUMENTS (CONTINUED)**

#### **1.18.3 Impairment and uncollectability of financial assets**

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

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

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

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

##### *1.18.3.2 Financial assets measured at cost*

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

#### **1.18.4 Derecognition of financial instruments**

##### *1.18.4.1 Financial assets*

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

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

##### *1.18.4.2 Financial liabilities*

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.5 Offsetting of financial instruments

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

### 1.19 STATUTORY RECEIVABLES

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

#### 1.19.1 Initial Recognition

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

#### 1.19.2 Subsequent Measurement

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

#### 1.19.3 Impairment and uncollectability of statutory receivables

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

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

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

#### 1.19.4 Derecognition

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.20 CASH AND CASH EQUIVALENTS

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

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

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

### 1.21 RECEIVABLES

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

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

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

### 1.22 TAXES (VALUE ADDED TAX)

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

### 1.23 PAYABLES AND ANNUITY LOANS

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

### 1.24 CONSUMER DEPOSITS

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.25 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

### 1.26 REVENUE

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

#### 1.26.1 Revenue from Non-Exchange Transactions

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

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

##### 1.26.1.1 Taxation Revenue

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.2 *Transfer Revenue*

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

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

#### 1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

#### 1.26.1.4 *Insurance Receipts*

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

#### 1.26.1.5 *Unclaimed deposits*

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

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

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

#### 1.26.1.7 *Services in-kind*

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### **1.26 REVENUE (CONTINUED)**

#### **1.26.1.8 Contributed Assets**

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

#### **1.26.2 Revenue from Exchange Transactions**

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

##### **1.26.2.1 Service Charges**

Service Charges are levied in terms of approved tariffs.

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

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

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

##### **1.26.2.2 Interest earned**

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

##### **1.26.2.3 Rental income**

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

##### **1.26.2.4 Income from Agency Services**

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

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

##### **1.26.2.5 Other Tariffs**

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.6 *Sale of goods*

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

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

#### 1.26.2.7 *Deferred payment*

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

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

### 1.27 BORROWING COSTS

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

### 1.28 UNAUTHORISED EXPENDITURE

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

### 1.29 IRREGULAR EXPENDITURE

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.30 FRUITLESS AND WASTEFUL EXPENDITURE

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

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

### 1.32 CAPITAL COMMITMENTS

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

### 1.33 EVENTS AFTER REPORTING DATE

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

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

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



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.34 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the annual financial statements to understand the effect of related party transactions.

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.35 ACCOUNTING BY PRINCIPALS AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principle and for the benefit of the principle.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's annual financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis (i.e. departmental charges).

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the annual financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

### 1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator, which in this case will be the Municipality.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator; or
- (b) is provided by the grantor which:
  - is an existing asset of the grantor; or
  - is an upgrade to an existing asset of the grantor.

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the Municipality, as a service concession asset if the Municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the Municipality controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

The Municipality initially measures the service concession asset as follows:

- (a) Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.
- (b) Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the Municipality to the operator, or from the operator to the Municipality.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

Where the asset and service components are not separately identifiable, the service component of payments from the Entity to the operator is determined using estimation techniques.

Where the Municipality does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

If the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

### 1.38 CONSTRUCTION CONTRACTS

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.38 CONSTRUCTION CONTRACTS (CONTINUED)

In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low-cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.39.1 Application of Directive 7

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

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### **1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **1.39.2 Impairment of Receivables**

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

#### **1.39.3 Useful lives and residual values**

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

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

#### **1.39.4 Impairment of non-monetary assets**

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

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

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

#### **1.39.5 Post-Retirement and Long-term Benefits**

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

#### **1.39.6 Provisions and Contingent Liabilities**

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

#### 1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

#### 1.39.8 Financial assets and liabilities

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

#### 1.39.9 Revenue Recognition

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

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

#### 1.39.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

#### 1.39.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	2024 R	2023 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Primary Bank Account	47 195 296	520 449
Call and short-term Investments Deposits	459 530 354	497 310 676
Cash Floats	700	700
<b>Total</b>	<b>506 726 350</b>	<b>497 831 825</b>

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

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

Unspent Conditional Grants	27 924 692	27 074 731
Capital Replacement Reserve	203 391 447	225 678 807
Valuation Roll Reserve	2 973 437	2 202 815
Employee Benefit Reserve	49 749 909	46 750 054
Taxes	1 768 388	994 561
Working Capital Requirements	220 918 477	195 130 857
	<b>506 726 350</b>	<b>497 831 825</b>

### Primary Bank Account

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

Bank Statement Balance - Opening Balance	452 175	4 638 487
Bank Statement Balance - Closing Balance	47 130 078	452 175
Cashbook Balance - Opening Balance	520 449	4 682 069
Cashbook Balance - Closing Balance	47 195 296	520 449

### Call and short-term Deposits

Call and short-term Deposits consist out of the following accounts:

Standard Bank 388489162/0	324 647 554	373 225 933
Standard Bank 388489731/0	122 184 544	112 317 449
Standard Bank 388486066/0	12 698 256	11 767 293
	<b>459 530 354</b>	<b>497 310 676</b>

Short-term deposits attracted interest of between 8.25% and 8.45% (2023: 3.37% and 8.45%).

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### 30 JUNE 2024

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>96 594 025</b>	<b>78 482 153</b>	<b>18 111 872</b>
Electricity	39 782 785	23 395 380	16 387 405
Refuse	55 665 854	54 279 880	1 385 973
Housing Rentals	1 145 387	806 892	338 494
<b>Other Receivables</b>	<b>6 202 002</b>	<b>-</b>	<b>6 202 002</b>
Joe Gqabi District Municipality (WSA)	3 640 889	-	3 640 889
Interest Accrual	2 561 113	-	2 561 113
<b>Total</b>	<b>102 796 027</b>	<b>78 482 153</b>	<b>24 313 874</b>

#### 30 JUNE 2023

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>78 585 205</b>	<b>68 462 185</b>	<b>10 123 020</b>
Electricity	30 545 086	21 981 114	8 563 971
Refuse	47 191 223	45 956 172	1 235 050
Housing Rentals	848 897	524 899	323 998
<b>Other Receivables</b>	<b>3 832 141</b>	<b>-</b>	<b>3 832 141</b>
Joe Gqabi District Municipality (WSA)	3 832 141	-	3 832 141
<b>Total</b>	<b>82 417 346</b>	<b>68 462 185</b>	<b>13 955 160</b>

Included in the outstanding balances at 30 June 2024 are consumer debtors to the value of R3 988 311 (30 June 2023: R422 82) who have made arrangements to repay their outstanding debt over a re-negotiated period.

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

	2024	2023
	R	R
<b>Ageing of service and other receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	4 484 132	3 908 243
Past Due (31 - 60 Days)	2 499 673	1 778 610
Past Due (61 - 90 Days)	2 038 703	1 206 566
Past Due (90 Days +)	30 760 276	23 651 667
<b>Total</b>	<b>39 782 785</b>	<b>30 545 086</b>
<b>Refuse Ageing</b>		
Current (0 - 30 days)	1 373 933	1 199 323
Past Due (31 - 60 Days)	1 176 623	1 081 727
Past Due (61 - 90 Days)	1 106 899	1 023 705
Past Due (90 Days +)	52 008 398	43 886 468
<b>Total</b>	<b>55 665 854</b>	<b>47 191 223</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

3	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2024 R	2023 R
	<b>Housing Rentals Ageing</b>		
	Current (0 - 30 days)	114 228	114 218
	Past Due (31 - 60 Days)	45 521	22 374
	Past Due (61 - 90 Days)	45 321	21 911
	Past Due (90 Days +)	940 317	690 394
	<b>Total</b>	<b>1 145 387</b>	<b>848 897</b>
	<b>Other Receivables Ageing</b>		
	Current (0 - 30 days)	2 561 113	-
	Past Due (31 - 60 Days)	-	-
	Past Due (61 - 90 Days)	-	-
	Past Due (90 Days +)	3 640 889	3 832 141
	<b>Total</b>	<b>6 202 002</b>	<b>3 832 141</b>
	<b>Total Service and Other Receivables Ageing</b>		
	Current (0 - 30 days)	8 533 407	5 221 784
	Past Due (31 - 60 Days)	3 721 817	2 882 711
	Past Due (61 - 90 Days)	3 190 923	2 252 181
	Past Due (90 Days +)	87 349 879	72 060 669
	<b>Total</b>	<b>102 796 027</b>	<b>82 417 346</b>
	<b>Reconciliation of Allowance for impairment</b>		
	Balance at the beginning of the year	68 462 185	57 149 891
	Contribution to the provision	13 503 088	12 748 695
	Electricity	2 733 361	2 878 018
	Refuse	10 487 733	9 741 534
	Housing Rentals	281 994	129 144
	Bad Debts Written off	(3 483 120)	(1 436 401)
	Electricity	(1 319 095)	(1 181 342)
	Refuse	(2 164 025)	(255 059)
	<b>Balance at the end of the year</b>	<b>78 482 152</b>	<b>68 462 185</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>32 229 078</b>	<b>28 100 874</b>	<b>4 128 204</b>
Rates	32 229 078	28 100 874	4 128 204
<b>Other Receivables</b>	<b>5 206 036</b>	<b>1 987 900</b>	<b>3 218 136</b>
Traffic fines income due	1 987 900	1 987 900	-
Other Receivables	3 218 136	-	3 218 136
<b>Total</b>	<b>37 435 113</b>	<b>30 088 774</b>	<b>7 346 339</b>

30 JUNE 2023

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>28 873 797</b>	<b>24 692 711</b>	<b>4 181 085</b>
Rates	28 873 797	24 692 711	4 181 085
<b>Other Receivables</b>	<b>5 136 420</b>	<b>1 735 300</b>	<b>3 401 120</b>
Traffic fines income due	1 735 300	1 735 300	-
Other Receivables	3 401 120	-	3 401 120
Balance previously reported	3 400 030	-	3 400 030
Prior period adjustment - Note 44.1	1 090	-	1 090
<b>Total</b>	<b>34 010 217</b>	<b>26 428 011</b>	<b>7 582 205</b>

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

	2024 R	2023 R
<b>Ageing of service receivables:</b>		
<b>Rates Ageing</b>		
Current (0 - 30 days)	231 667	290 557
Past Due (31 - 60 Days)	666 170	667 939
Past Due (61 - 90 Days)	680 703	601 810
Past Due (90 Days +)	30 650 537	27 313 491
<b>Total</b>	<b>32 229 078</b>	<b>28 873 797</b>

### Reconciliation of Allowance for impairment

Balance at the beginning of the year	26 428 012	22 426 677
Contribution to the provision	4 897 721	4 709 308
Rates	4 645 121	4 463 108
Fines	252 600	246 200
Bad Debts Written off	(1 236 958)	(707 973)
Rates	(1 236 958)	(707 973)
Balance at the end of the year	<b>30 088 774</b>	<b>26 428 012</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

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

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

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>2024</b>			
1 month past due	2 059 053	105 446	2 164 499
2 + months past due	11 780 310	4 002 140	15 782 450
<b>Total</b>	<b>13 839 363</b>	<b>4 107 586</b>	<b>17 946 949</b>
<b>2023</b>			
1 month past due	1 378 467	169 573	1 548 040
2 + months past due	5 097 929	3 908 837	9 006 766
<b>Total</b>	<b>6 476 396</b>	<b>4 078 410</b>	<b>10 554 806</b>

#### Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>2024</b>			
<b>Total</b>	<b>78 482 152</b>	<b>30 088 774</b>	<b>108 570 926</b>
<b>2023</b>			
<b>Total</b>	<b>68 462 185</b>	<b>26 428 012</b>	<b>94 890 197</b>

### 5 TAXES

	<b>2024 R</b>	<b>2023 R</b>
Vat Receivable/(Payable)	(2 165 164)	78 559
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	7 662 757	6 726 237
<b>Total</b>	<b>5 497 593</b>	<b>6 804 796</b>

VAT is accounted for on the cash basis.

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

6	OPERATING LEASES	2024 R	2023 R
6.1	OPERATING LEASE ASSETS		
	Operating Lease Asset	50 746	359
	The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
	Reconciliation of Operating Lease Asset:		
	Balance at the beginning of the year	359	-
	Movement during the year	50 387	359
	<b>Balance at the end of the year</b>	<b>50 746</b>	<b>359</b>
	The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
	Within 1 Year	601 628	883 576
	Between 1 and 5 Years	589 876	4 209
		<b>1 191 505</b>	<b>887 785</b>
	The lease payments are in respect of properties being lease out over a period ranging up to June 2026.		
6.2	OPERATING LEASE LIABILITIES		
	Operating Lease Liability	-	-
	The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.		
	Reconciliation of Operating Lease Liability:		
	Balance at the beginning of the year	-	4 217
	Movement during the year	-	(4 217)
	<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
	The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement was renewed on 1 March 2018 and expired on 28 February 2023. The initial monthly rental was R3 238 (VAT inclusive) with an annual increase of 8%. The lease is currently continuing on a month-to-month basis.		
7	INVENTORY		
	Electricity materials	673 476	607 567
	<b>Total</b>	<b>673 476</b>	<b>607 567</b>
	No inventory was pledged as security for liabilities.		
	Inventory are disclosed at the lower of cost or net realisable value (NRV).		
	Inventory Loss recognised as a result of NRV test	23 892	3 142

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

8	INVESTMENT PROPERTY	2024 R	2023 R
	Investment Property - Carrying Value	<u>48 397 100</u>	<u>47 271 925</u>

The movement in investment properties is reconciled as follows:

<b>Opening Carrying Value</b>	47 271 925	46 308 500
Fair Value	<u>47 271 925</u>	<u>46 308 500</u>
Fair Value Adjustment	1 605 675	963 425
Impairment	(272 000)	-
Disposal	<u>(208 500)</u>	<u>-</u>
<b>Closing Carrying Value</b>	48 397 100	47 271 925
Fair Value	<u>48 397 100</u>	<u>47 271 925</u>

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 of Investment Properties were performed by DDP Valuers and the valuer was Ms Tanya du Plessis, a professional valuer with registration number 6662. Properties were valued on the Comparable Sales Method of Valuation and Accrued Depreciation Method of Valuation sales method of valuation, based on the active market values in the area.

Rental revenue earned from Investment Properties	1 793 232	1 425 867
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## 9 PROPERTY PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Carrying Value R
<b>30 JUNE 2024</b>			
Land and Buildings	179 509 998	-	179 509 998
Infrastructure	445 736 829	160 012 915	285 723 914
Community Assets	72 439 172	16 435 288	56 003 884
Other Assets	86 447 565	45 322 882	41 124 682
	<u>784 133 564</u>	<u>221 771 085</u>	<u>562 362 479</u>
<b>30 JUNE 2023</b>			
Land and Buildings	155 172 498	-	155 172 498
Infrastructure	409 112 284	149 715 307	259 396 977
Community Assets	65 111 540	14 454 091	50 657 448
Other Assets	66 382 777	42 695 781	23 686 997
	<u>695 779 099</u>	<u>206 865 179</u>	<u>488 913 920</u>
Balance previously reported			488 518 280
Prior period adjustment - Note 44.2			395 640
Restated Balance			<u>488 913 920</u>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

The valuations of Land and Buildings were performed by DDP Valuers and the valuer was Ms Tanya du Plessis, a professional valuer with registration number 6662. Properties were valued on the Comparable Sales Method of Valuation and Accrued Depreciation Method of Valuation sales method of valuation, based on the active market values in the area

No assets were pledged as security for liabilities.

The municipality have 59 assets that are fully depreciated which are still in use. These assets are immaterial in value and will be replaced once funding is made available.

Refer to note 43 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

#### 9.1 Effect of changes in accounting estimates

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed and adjusted accordingly. The effect on the current and future periods are as follow:

	2024 R	2025 R
Increase / (Decrease) in Depreciation and Amortisation	(2 220 843)	2 220 843
Increase / (Decrease) in Accumulated Surplus	2 220 843	(2 220 843)
Increase / (Decrease) in Property, Plant and Equipment	2 220 843	(2 220 843)

#### 9.2 Work in Progress projects taking a significant longer period to complete

The following projects (included in Work in Progress) is taking a significant longer period to complete:

Project	Reason for delays	2024 Carrying value
Sterkspruit Landfill Site	Alternative location needs to be identified	1 215 195
Rossouw - Solid Landfill Site	Contract to be terminated	10 880 838
Rhodes - Solid Landfill Site	Site was converted to a transfer station and waiting on record of decision for exemption from doing EIA process	566 527
Renovation town hall Barkly East	Variation order to be finalised for contractor to complete the project	9 036 736

#### 9.3 Work in Progress balances

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

	2024 R	2023 R
Buildings	27 204 002	9 983 151
Infrastructure - Roads	34 289 852	9 738 460
Infrastructure - Waste Management	12 662 560	23 733 729
Infrastructure - Electricity	865 200	-
Sports Fields	7 215 253	310 448
Cemetery	216 420	-
Community Assets - Other	1 222 928	196 605
<b>Total Work in Progress (WIP)</b>	<b>83 676 215</b>	<b>43 962 394</b>



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2024	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>155 172 498</b>	<b>17 220 851</b>	-	<b>7 954 096</b>	<b>(837 447)</b>	<b>179 509 998</b>	-	<b>1 410 378</b>	<b>(1 410 378)</b>	<b>837 447</b>	<b>(837 447)</b>	-	<b>179 509 998</b>
Land	30 185 175	-	-	1 989 200	-	32 174 375	-	-	-	-	-	-	32 174 375
Buildings	124 987 323	17 220 851	-	5 964 896	(837 447)	147 335 623	-	1 410 378	(1 410 378)	837 447	(837 447)	-	147 335 623
<b>Infrastructure</b>	<b>409 112 284</b>	<b>36 715 082</b>	<b>(90 537)</b>	-	-	<b>445 736 829</b>	<b>149 715 307</b>	<b>10 319 344</b>	<b>(21 736)</b>	-	-	<b>160 012 915</b>	<b>285 723 914</b>
Roads	232 924 374	31 129 703	-	-	-	264 054 078	115 150 232	6 057 757	-	-	-	121 207 989	142 846 089
Stormwater	67 154 586	552 123	-	-	-	67 706 709	18 555 583	1 182 840	-	-	-	19 738 423	47 968 287
Solid Waste	64 223 314	4 075 998	-	-	-	68 299 313	3 992 266	1 438 149	-	-	-	5 430 415	62 868 898
Electricity	32 293 578	957 258	(90 537)	-	-	33 160 298	8 541 641	1 254 502	(21 736)	-	-	9 774 406	23 385 892
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	3 475 585	386 096	-	-	-	3 861 682	8 654 750
<b>Community Assets</b>	<b>65 111 540</b>	<b>8 147 548</b>	<b>(819 916)</b>	-	-	<b>72 439 172</b>	<b>14 454 091</b>	<b>2 181 885</b>	<b>(200 688)</b>	-	-	<b>16 435 288</b>	<b>56 003 884</b>
Sports Fields	26 441 844	6 904 805	-	-	-	33 346 649	6 341 745	835 390	-	-	-	7 177 135	26 169 514
Node Development	9 548 529	-	(819 916)	-	-	8 728 613	2 766 916	311 243	(200 688)	-	-	2 877 471	5 851 142
Parks & Gardens	7 829 419	-	-	-	-	7 829 419	494 243	182 686	-	-	-	676 929	7 152 490
Cemetery	19 679 420	216 420	-	-	-	19 895 840	3 516 631	811 711	-	-	-	4 328 341	15 567 499
Other	1 612 327	1 026 323	-	-	-	2 638 650	1 334 557	40 855	-	-	-	1 375 411	1 263 239
<b>Other Assets</b>	<b>66 382 777</b>	<b>20 435 544</b>	<b>(370 756)</b>	-	-	<b>86 447 565</b>	<b>42 695 781</b>	<b>2 981 348</b>	<b>(354 247)</b>	-	-	<b>45 322 882</b>	<b>41 124 682</b>
Motor Vehicles	14 030 120	787 505	-	-	-	14 817 625	9 377 536	193 199	-	-	-	9 570 735	5 246 890
Plant & Equipment	31 280 086	33 908	(230 630)	-	-	31 083 364	16 322 135	1 070 634	(223 727)	-	-	17 169 042	13 914 322
Office Equipment	2 448 089	-	(657)	-	-	2 447 431	2 297 475	38 133	(656)	-	-	2 334 951	112 480
Furniture & Fittings	5 302 375	499 619	(7 451)	-	-	5 794 543	4 455 831	245 782	(6 578)	-	-	4 695 035	1 099 507
Loose Equipment	405 296	-	-	-	-	405 296	397 760	2 124	-	-	-	399 884	5 411
Computer Equipment	8 835 434	1 800 576	(132 017)	-	-	10 503 993	6 572 503	749 019	(123 285)	-	-	7 198 236	3 305 756
Specialised Vehicles	4 081 378	17 313 935	-	-	-	21 395 314	3 272 541	682 458	-	-	-	3 954 998	17 440 315
<b>Total</b>	<b>695 779 099</b>	<b>82 519 025</b>	<b>(1 281 209)</b>	<b>7 954 096</b>	<b>(837 447)</b>	<b>784 133 564</b>	<b>206 865 179</b>	<b>16 892 955</b>	<b>(1 987 049)</b>	<b>837 447</b>	<b>(837 447)</b>	<b>221 771 085</b>	<b>562 362 479</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2023	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>143 532 156</b>	<b>7 539 937</b>	<b>-</b>	<b>4 100 405</b>	<b>-</b>	<b>155 172 498</b>	<b>-</b>	<b>1 311 256</b>	<b>(1 311 256)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155 172 498</b>
Land	29 776 275	-	-	408 900	-	30 185 175	-	-	-	-	-	-	30 185 175
Buildings	113 755 881	7 539 937	-	3 691 505	-	124 987 323	-	1 311 256	(1 311 256)	-	-	-	124 987 323
<b>Infrastructure</b>	<b>389 446 362</b>	<b>19 914 423</b>	<b>(248 500)</b>	<b>-</b>	<b>-</b>	<b>409 112 284</b>	<b>138 992 528</b>	<b>10 804 692</b>	<b>(81 912)</b>	<b>-</b>	<b>-</b>	<b>149 715 307</b>	<b>259 396 977</b>
Roads	224 382 726	8 558 015	(16 366)	-	-	232 924 374	108 259 830	6 891 631	(1 229)	-	-	115 150 232	117 774 142
Stormwater	67 154 586	-	-	-	-	67 154 586	17 359 498	1 196 085	-	-	-	18 555 583	48 599 004
Solid Waste	52 997 228	11 226 086	-	-	-	64 223 314	2 921 580	1 070 686	-	-	-	3 992 266	60 231 048
Electricity	32 395 390	130 321	(232 134)	-	-	32 293 578	7 362 131	1 260 194	(80 684)	-	-	8 541 641	23 751 937
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	3 089 489	386 096	-	-	-	3 475 585	9 040 846
<b>Community Assets</b>	<b>59 837 958</b>	<b>5 323 029</b>	<b>(49 448)</b>	<b>-</b>	<b>-</b>	<b>65 111 540</b>	<b>12 605 464</b>	<b>1 849 345</b>	<b>(717)</b>	<b>-</b>	<b>-</b>	<b>14 454 091</b>	<b>50 657 448</b>
Sports Fields	26 131 395	310 448	-	-	-	26 441 844	5 506 354	835 390	-	-	-	6 341 745	20 100 099
Node Development	9 548 529	-	-	-	-	9 548 529	2 455 673	311 243	-	-	-	2 766 916	6 781 613
Parks & Gardens	7 829 419	-	-	-	-	7 829 419	433 792	60 452	-	-	-	494 243	7 335 176
Cemetery	14 912 892	4 815 976	(49 448)	-	-	19 679 420	2 918 574	598 773	(717)	-	-	3 516 631	16 162 790
Other	1 415 723	196 605	-	-	-	1 612 327	1 291 070	43 486	-	-	-	1 334 557	277 771
<b>Other Assets</b>	<b>65 458 756</b>	<b>2 539 739</b>	<b>(1 615 718)</b>	<b>-</b>	<b>-</b>	<b>66 382 777</b>	<b>40 731 285</b>	<b>2 962 439</b>	<b>(997 943)</b>	<b>-</b>	<b>-</b>	<b>42 695 781</b>	<b>23 686 997</b>
Motor Vehicles	13 953 714	646 492	(570 087)	-	-	14 030 120	9 192 434	353 852	(168 749)	-	-	9 377 536	4 652 584
Plant & Equipment	31 812 273	147 243	(679 430)	-	-	31 280 086	15 479 314	1 323 115	(480 295)	-	-	16 322 135	14 957 951
Office Equipment	2 342 888	111 592	(6 391)	-	-	2 448 089	2 249 190	54 647	(6 362)	-	-	2 297 475	150 614
Furniture & Fittings	5 254 798	180 146	(132 569)	-	-	5 302 375	4 284 903	289 254	(118 325)	-	-	4 455 831	846 544
Loose Equipment	525 917	-	(120 621)	-	-	405 296	507 886	9 996	(120 122)	-	-	397 760	7 535
Computer Equipment	7 487 788	1 454 265	(106 619)	-	-	8 835 434	5 970 822	705 770	(104 089)	-	-	6 572 503	2 262 931
Specialised Vehicles	4 081 378	-	-	-	-	4 081 378	3 046 736	225 805	-	-	-	3 272 541	808 837
<b>Total</b>	<b>658 275 232</b>	<b>35 317 128</b>	<b>(1 913 666)</b>	<b>4 100 405</b>	<b>-</b>	<b>695 779 099</b>	<b>192 329 276</b>	<b>16 927 731</b>	<b>(2 391 828)</b>	<b>-</b>	<b>-</b>	<b>206 865 179</b>	<b>488 913 920</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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### INTANGIBLE ASSETS

	2024 R	2023 R
Intangible Assets - Carrying Value	<b>47 570</b>	<b>77 642</b>
The movement in intangible assets is reconciled as follows:		
<b>Opening Carrying Value</b>	77 642	128 193
Cost	968 300	986 096
Accumulated Amortisation	(890 658)	(857 903)
Acquisitions	-	-
Balance previously reported	-	262 261
Prior period adjustment - Note 44.3	-	(262 261)
Disposal	(1 333)	(6)
Cost	(433 214)	(17 796)
Amortisation	431 881	17 790
Amortisation for the year	(28 739)	(50 545)
Balance previously reported	-	(60 881)
Prior period adjustment - Note 44.3	-	10 336
<b>Closing Carrying Value</b>	<b>47 570</b>	<b>77 642</b>
Cost	535 086	968 300
Accumulated Amortisation	(487 516)	(890 658)

Intangible Assets consist only of software.

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

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### CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value	<b>1 044 183</b>	<b>1 553 817</b>
The movement in capitalised restoration cost is reconciled as follows:		
<b>Opening Carrying Value</b>	1 553 817	424 597
Cost	10 115 484	8 618 378
Accumulated Depreciation	(8 247 649)	(8 193 781)
Accumulated Impairments	(314 017)	-
Additions	429 596	1 837 731
Disposal	(171 847)	(340 625)
Depreciation for the year	(767 383)	(53 868)
Impairments for the year	-	(314 017)
<b>Closing Carrying Value</b>	<b>1 044 183</b>	<b>1 553 817</b>
Cost	10 373 232	10 115 484
Accumulated Depreciation	(9 015 032)	(8 247 649)
Accumulated Impairments	(314 017)	(314 017)

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>11</b>	<b>CAPITALISED RESTORATION COST (PPE) (CONTINUED)</b>	<b>2024</b>	<b>2023</b>												
		<b>R</b>	<b>R</b>												
	A gain on disposal is recognised as a result of the actual calculated disposal being bigger than the carrying value of the specific landfill site.														
	Gain on Disposal of Capitalised Restoration Cost (PPE)	<b>612 268</b>	<b>-</b>												
	The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.														
	Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.														
	Refer to note 18 for more detail relating to this asset financed by way of a provision														
<b>12</b>	<b>BORROWINGS</b>	<b>2024</b>	<b>2023</b>												
		<b>R</b>	<b>R</b>												
	Annuity Loans	5 920 813	6 843 349												
	<b>Sub-Total</b>	<b>5 920 813</b>	<b>6 843 349</b>												
	Less: Current portion	942 652	922 862												
	Annuity Loans	942 652	922 862												
	<b>Total Non-current Borrowings</b>	<b>4 978 161</b>	<b>5 920 487</b>												
	Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.														
	Borrowings consist out of the following agreements:														
	<table> <tr> <th>Nr</th><th>Institution</th><th>Interest Rate</th><th>Redemption Date</th></tr> <tr> <td>1</td><td>Development Bank of Southern Africa (DBSA)</td><td>floating</td><td>30-Sep-29</td></tr> <tr> <td>2</td><td>Development Bank of Southern Africa (DBSA)</td><td>6.75%</td><td>30-Sep-30</td></tr> </table>	Nr	Institution	Interest Rate	Redemption Date	1	Development Bank of Southern Africa (DBSA)	floating	30-Sep-29	2	Development Bank of Southern Africa (DBSA)	6.75%	30-Sep-30		
Nr	Institution	Interest Rate	Redemption Date												
1	Development Bank of Southern Africa (DBSA)	floating	30-Sep-29												
2	Development Bank of Southern Africa (DBSA)	6.75%	30-Sep-30												
	Annuity loans are payable as follows:	<b>2024</b>	<b>2023</b>												
		<b>R</b>	<b>R</b>												
	Payable within one year	1 417 968	1 466 362												
	Payable within two to five years	4 968 683	5 171 131												
	Payable after five years	1 035 274	2 201 527												
	<b>Total amount payable</b>	<b>7 421 925</b>	<b>8 839 020</b>												
	<b>Less:</b> Outstanding Future Finance Charges	(1 501 111)	(1 995 671)												
	<b>Present value of annuity loans</b>	<b>5 920 814</b>	<b>6 843 349</b>												

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

13	CONSUMER DEPOSITS	2024 R	2023 R
	Electricity	1 948 713	1 884 698
	<b>Total</b>	<b>1 948 713</b>	<b>1 884 698</b>

No guarantees held in lieu of Electricity Deposits

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

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

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	9 475 852	6 404 890
Other Payables	582 575	434 173
Balance previously reported	-	454 061
Prior period adjustment - Note 44.4	-	(19 888)
Payments received in advance	1 244 951	489 450
Retentions	6 661 324	4 510 326
DBSA Interest Accrual	137 750	151 239
<b>Total</b>	<b>18 102 451</b>	<b>11 990 078</b>

Payables are being recognised net of any discounts received.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

### 15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

#### Unspent Conditional Government Grants

National Government	2 010 056	6 960 955
Provincial Government	25 914 636	20 113 776
<b>Total</b>	<b>27 924 692</b>	<b>27 074 731</b>

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

No grants were withheld in the current year.

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

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

16	CURRENT EMPLOYEE BENEFITS	2024 R	2023 R
	Post Retirement Medical Benefits - Note 17	430 000	307 000
	Long Service Awards - Note 17	337 000	414 000
	Bonuses	3 979 875	3 505 416
	Performance Bonuses	8 707 628	11 105 426
	Compensation for injuries on duty contribution	7 264 292	6 320 833
	Staff Leave	6 815 114	5 348 378
	<b>Total</b>	<b>27 533 908</b>	<b>27 001 053</b>

The movement in current employee benefits are reconciled as follows:

### Bonuses

Opening Balance	3 505 416	3 500 159
Contribution during the year	6 822 189	6 025 268
Payments made	(6 347 730)	(6 020 010)
Balance at end of year	<b>3 979 875</b>	<b>3 505 416</b>

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

### Performance Bonuses

Opening Balance	11 105 426	7 044 679
Contribution during the year	4 355 065	4 060 747
Payments made	(6 752 863)	-
Balance at end of year	<b>8 707 628</b>	<b>11 105 426</b>

Performance bonuses are being paid to Municipal Manager, Directors, Managers and Below-Managers after an evaluation of performance by the Council. The provision at 30 June 2023 includes the Performance bonuses for the 2020/21, 2021/22 and the 2022/23 financial years. The performance Evaluation for 2020/2021 and 2021/2022 were done at the beginning of August 2023 and were paid in December 2023.

### Compensation for injuries on duty contribution

Opening Balance	6 320 833	5 376 486
Contribution during the year	943 458	944 347
Balance at end of year	<b>7 264 292</b>	<b>6 320 833</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.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

16	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2024 R	2023 R
	<b><u>Staff Leave</u></b>		
	Opening Balance	5 348 378	5 002 478
	Contribution during the year	4 012 643	3 222 348
	Payments made	(2 545 906)	(2 876 449)
	Balance at end of year	<b>6 815 114</b>	<b>5 348 378</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.

17	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	19 278 000	17 231 000
	Long Service Awards	2 938 000	2 518 000
	<b>Total</b>	<b>22 216 000</b>	<b>19 749 000</b>

### 17.1 POST RETIREMENT MEDICAL BENEFITS

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

Opening Balance	17 538 000	18 332 000
Contribution during the year	3 859 000	3 902 000
Current Service Cost	1 670 000	1 748 000
Interest Cost	2 189 000	2 154 000
Payments made	(324 428)	(288 449)
Actuarial Loss/(Gain)	(1 364 572)	(4 407 551)
Change in Financial Assumptions	(467 000)	(3 217 000)
Experience Adjustments	(897 572)	(1 190 551)
Total balance at year-end	19 708 000	17 538 000
Less: Current Portion - Note 16	(430 000)	(307 000)
<b>Total</b>	<b>19 278 000</b>	<b>17 231 000</b>

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

In-service members	15 815 000	13 766 000
In-service non-members	1 491 000	1 490 000
Continuation members	2 402 000	2 282 000
<b>Total Unfunded Liability</b>	<b>19 708 000</b>	<b>17 538 000</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

	2024	2023
In-service members	209	202
In-service non-members	76	74
Continuation members	3	3
<b>Total</b>	<b>288</b>	<b>279</b>

The defined benefit obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of the asset ceiling.

#### Last Valuation and Actuarial Valuation Method

The last valuation was performed in July 2024. The Projected Unit Credit Method has been used to value the liabilities.

#### Characteristics of defined benefit plans and risks associated with them

The municipality provides post employment medical benefits as follows:

- Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.
- Continuation members and their eligible dependants receive a 70% subsidy.
- The post-employment subsidies are not limited to a maximum Rand value/subsidy.
- Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the Defined-Benefit Obligation for the Municipality.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Significant Actuarial Assumptions

	2024	2023
<b>i) Financial Assumptions</b>		
- Medical aid contribution inflation rate	7.81%	8.19%
- Discount rate	12.34%	12.59%
<b>ii) Demographic Assumptions</b>		
- Post-Employment Mortality	PA(90)	PA(90)
The PA(90) ultimate table, adjusted down by 1 year of age, and a 1% annual compound		
- Average Retirement Age		
Males	62 years	62 years
Females	59 years	59 years
- Membership continuation	75%	75%

#### Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the medical aid contribution inflation rate relative to the discount rate. The impact of the aforementioned and the other significant assumptions are disclosed below:

Assumption	Eligible Employees (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	17.306	2.402	19.708	
Medical aid contribution inflation rate				
+ 1%	20.861	2.547	23.408	19%
- 1%	14.487	2.270	16.757	-15%
Discount rate				
+ 1%	14.609	2.276	16.885	-14%
- 1%	20.736	2.542	23.278	18%
Post-employment mortality				
+ 1 year	16.904	2.297	19.201	-3%
- 1 year	17.702	2.509	20.211	3%
Average retirement age				
- 1 year	19.101	2.402	21.503	9%
Membership continuation				
- 10%	15.062	2.402	17.464	-11%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes contributions to the relevant medical schemes).

Maturity analysis of expected benefits to be paid in respect of the current eligible employees and continuation members can be illustrated as follows (Undiscounted):

Future years	Expected Benefit	% contribution of bracket
	Payments R m	
Future year 1 to 10	12.151	1%
Future year 11 to 20	65.729	5%
Future year 21 to 30	190.324	13%
Future year 30 to 40	326.343	23%
Future year 40 to 50	382.934	27%
Future year 50 to 60	301.734	21%
Future year 60 to 70	131.252	9%
Future year 70 to 80	21.438	1%
<b>Total</b>	<b>1 431.905</b>	

The contributions subsequent 80 years (relating to current eligible employees and continuation member) is considered insignificant to be included in the analysis.

#### 17.2 LONG SERVICE AWARDS

The movement in Long Service Awards are reconciled as follows:

	2024 R	2023 R
Opening Balance	2 932 000	3 134 000
Contribution during the year	690 000	674 000
Current Service Cost	389 000	379 000
Interest Cost	301 000	295 000
Payments made	(367 207)	(612 022)
Actuarial Loss/(Gain)	20 207	(263 978)
Change in Financial Assumptions	(36 000)	(178 000)
Experience Adjustments	56 207	(85 978)
Total balance at year-end	<b>3 275 000</b>	<b>2 932 000</b>
Less: Current Portion - Note 16	(337 000)	(414 000)
<b>Total</b>	<b>2 938 000</b>	<b>2 518 000</b>

The following members are eligible for long service bonuses:

	2024	2023
In-service members	285	276

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 17 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of the asset ceiling.

#### Last Valuation and Actuarial Valuation Method

The last valuation was performed in July 2024. The Projected Unit Credit Method has been used to value the liabilities.

#### Characteristics of defined benefit plans and risks associated with them

The municipality provides a long service award benefits as follows:

- The Municipality offers employees Long Service Awards for every five years of service completed, from five years of service to 25 years of service, inclusive.
- In the month that each "Completed Service" milestone is reached, the employee is granted a Long Service Award.
- "Completed Service" milestone reached (ie 5 years) up to 6% of total annual earnings for the last "Completed Service" milestone reached (ie 25 years).
- Earnings relates to the officials basic salary.
- The Municipality does not pay any pro-rata Long Service Awards.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

#### Significant Actuarial Assumptions

	2024	2023
<b>i) Financial Assumptions</b>		
- General Earnings Inflation Rate	5.94%	6.44%
- Discount Rate	10.75%	11.01%

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 17 EMPLOYEE BENEFITS (CONTINUED)

	2024	2023
<b>ii) Demographic Assumptions</b>		
- Average Retirement Age		
Males	62 years	62 years
Females	59 years	59 years
- Termination of Services		
If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:		
Age: 20 - 24	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%
Age: 55 +	0.00%	0.00%

#### Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The impact of the significant assumptions are disclosed below:

Assumption	Total liability R	% change
Liability	3 275 000	
General earnings inflation rate		
+ 1%	3 431 000	5%
- 1%	3 130 000	-4%
Discount rate		
+ 1%	3 126 000	-5%
- 1%	3 438 000	5%
Average retirement age		
+ 2 years	3 403 000	4%
- 2 years	3 148 000	-4%
Rates of termination of service		
x 2	2 661 000	-19%
x 0.5	3 668 000	12%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes long service awards when it becomes due).

Maturity analysis of the future undiscounted expected benefits to be paid in respect of the current eligible employees can be illustrated as follows:

	Expected Benefit Payments R m	% contribution of bracket
<b>Future years</b>		
Future year 1 to 10	7.281	51%
Future year 11 to 20	6.148	43%
Future year 21 to 30	0.839	6%
Future year 30 to 40	-	0%
<b>Total</b>	<b>14.268</b>	

The benefits vesting subsequent 40 years (relating to current eligible employees) is considered insignificant to be included in the analysis.

#### 17.3 Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2024 R	2023 R
SALA Pension Fund	1 322 826	972 278
SAMWU National Provident Fund	84 423	92 561
National Fund Municipal Workers	471 996	62 234
Consolidated Retirement Fund	11 536 344	10 443 119
<b>Total</b>	<b>13 415 589</b>	<b>11 570 193</b>

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.

The municipality previously assessed the Consolidated Retirement Fund (Cape Joint Retirement Fund) to be Multi-Employer Defined-Benefit Plans. This assessment was incorrect as the municipality is only liable for the required contributions to the fund and will not be liable for any shortfall in the fund. This is in contrast to the former funds (Cape Joint Retirement Fund) which were deemed to be Defined-Benefit Plans. Accordingly, any contributions previously disclosed as Defined-Benefit Plans are now included as part of the Defined Contributions Plans. All disclosures previously made in relation to Defined-Benefit Plans were also removed.

Defined-Benefit Plan contributions previously disclosed  
Defined-Benefit Plan contributions reallocated to Defined Contribution Plans contributions

**Restated disclosure relating to Defined-Benefit Plan contributions**

**2023  
R**  
10 443 119  
(10 443 119)

-

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

18	NON-CURRENT PROVISIONS		2024	2023
			R	R
	Rehabilitation Provision - Landfill Sites		27 186 480	24 971 393
	The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:			
	Opening Balance		24 971 393	21 148 007
	Contribution during the year		2 215 087	3 823 386
	Increase/(Decrease) in estimate		(354 520)	1 497 105
	Interest Cost		2 569 607	2 326 281
	Total		27 186 480	24 971 393
	It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.			
The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:				
	Site	Expected Closure Date		
	Barkly East	2031	7 174 725	6 278 819
	Lady Grey	2028	3 764 092	3 853 594
	Sterkspruit	2025	5 248 779	4 948 746
	Rhodes	2025	7 969 203	7 042 018
	Rossouw	2016	3 029 681	2 848 217
	Total		27 186 480	24 971 393
The Rossouw Landfill site reached maximum capacity in 2016 and the provision was made for the cost of the rehabilitation of the Landfill site.				
19	COMMUNITY WEALTH		2024	2023
			R	R
	19.1 RESERVES			
	Revaluations Reserve		100 386 876	91 022 401
	Total		100 386 876	91 022 401
	The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.			
	19.2 ACCUMULATED SURPLUS			
	The following internal funds and reserves are ring-fenced within the Accumulated Surplus:			
	Capital Replacement Reserve		203 391 447	225 678 807
	Employee Benefits Reserve		49 749 909	46 750 054
Valuation Roll Reserve		2 973 437	2 202 815	
Accumulated Surplus due to the results of operations		669 124 984	579 430 838	
	Total		925 239 777	854 062 514

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 19 COMMUNITY WEALTH (CONTINUED)

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.

### 20

#### PROPERTY RATES

	2024 R	2023 R
Total Property Rates	24 799 040	25 032 443
Less: Rebates	(6 195 695)	(7 701 727)
<b>Total</b>	<b>18 603 345</b>	<b>17 330 716</b>

Property rates levied are based on the following rateable valuations:

Residential Property	863 446 500	782 488 000
Commercial Property	404 627 000	450 245 000
Public Benefits Organisations	73 413 000	79 540 500
Public Service Infrastructure	2 072 000	4 727 000
Agricultural Purposes	2 469 242 000	2 455 387 000
State - National / Provincial Services	748 537 000	767 946 000
Municipal Property	436 773 000	431 744 000
Vacant Property	72 303 000	117 568 500
Industrial Property	13 029 000	14 203 000
<b>Total Valuation</b>	<b>5 083 442 500</b>	<b>5 103 849 000</b>

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

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

	2024	2023
The following rates are applicable to the valuations above:		
Residential	0.8859c/R	0.8373c/R
Commercial	1.1516c/R	1.0885c/R
Public Service Infrastructure	0.0000c/R	0.0000c/R
Agricultural	0.2215c/R	0.2093c/R
State - National / Provincial Services	1.1516c/R	1.0885c/R
Vacant Property	1.3288c/R	1.2559c/R

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

21	TRANSFERS AND SUBSIDIES	2024 R	2023 R
	<b>Unconditional Grants - National Government</b>	<b>186 760 000</b>	<b>177 125 000</b>
	Equitable Share	186 760 000	177 125 000
	<b>Conditional Grants - National Government</b>	<b>45 336 899</b>	<b>44 025 506</b>
	Municipal Finance Management	1 700 000	1 650 000
	Municipal Infrastructure Grant	42 442 899	40 717 506
	EPWP (Expanded Public Works Program)	1 194 000	1 658 000
	<b>Conditional Grants - Provincial Government</b>	<b>10 985 617</b>	<b>2 066 804</b>
	Libraries	1 500 000	1 500 000
	EPWP (Expanded Public Works Program)	-	566 804
	Municipal Disaster Relief Grant	9 485 617	-
	<b>Total</b>	<b>243 082 516</b>	<b>223 217 310</b>
	Disclosed as:		
	Transfers and Subsidies - Capital	43 309 971	34 365 765
	Transfers and Subsidies - Operating	199 772 545	188 851 545
	<b>Total</b>	<b>243 082 516</b>	<b>223 217 310</b>
	Grants per Vote (MFMA Sec 123 (c)):		
	Equitable share	186 760 000	177 125 000
	Budget & Treasury	1 700 000	1 650 000
	Planning & Development	7 381 290	6 918 545
	Community & Social Services	1 500 000	1 500 000
	Road Transport	45 741 225	36 023 765
	<b>Total</b>	<b>243 082 516</b>	<b>223 217 310</b>

The movements per grant can be summarised as follows:

### 21.01 Equitable Share

Grants Received	186 760 000	177 125 000
Transferred to Revenue - Operating	(186 760 000)	(177 125 000)
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

### 21.02 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 700 000	1 650 000
Transferred to Revenue - Operating	(1 700 000)	(1 650 000)
Closing Unspent Balance	-	-

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



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2024 R	2023 R
<b>21.03 Municipal Infrastructure Grant (MIG)</b>			
	Opening Unspent Balance	4 950 899	8 283 405
	Grants Received	42 443 000	37 385 000
	Transferred to Revenue - Capital	(35 061 609)	(34 365 765)
	Transferred to Revenue - Operating	(7 381 290)	(6 351 741)
	Funds returned to NT	(4 951 000)	-
	Closing Unspent/(Unpaid) Balance	-	4 950 899
	The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>21.04 NDPG (Neighbourhood Development Partnership Grant)</b>			
	Opening Unspent Balance	2 010 056	2 010 056
	Closing Unspent Balance	2 010 056	2 010 056
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
<b>21.05 EPWP (Expanded Public Works Program) - National</b>			
	Opening Unspent Balance	-	-
	Grants Received	1 194 000	1 658 000
	Transferred to Revenue - Operating	(1 194 000)	(1 658 000)
	Closing Unspent Balance	-	-
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
<b>21.06 Prov Gov - Housing (Hillside)</b>			
	Opening Unspent Balance	232 651	232 651
	Closing Unspent Balance	232 651	232 651
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
<b>21.07 Herschel People's Housing</b>			
	Opening Unspent Balance	12 722 578	11 950 704
	Current year receipts - Interest	1 020 477	771 874
	Closing Unspent Balance	13 743 055	12 722 578
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
<b>21.08 Libraries</b>			
	Opening Unspent Balance	-	-
	Grants Received	1 500 000	1 500 000
	Transferred to Revenue - Operating	(1 500 000)	(1 500 000)
	Closing Unspent Balance	-	-
	The Libraries grant was utilised for the upkeeping and operational cost for libraries.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2024 R	2023 R
	<b>21.09 EPWP (Expanded Public Works Program) - Provincial</b>		
	Opening Unspent Balance	-	566 804
	Transferred to Revenue - Operating	-	(566 804)
	Closing Unspent Balance	-	-
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
	<b>21.10 Greenest Municipality</b>		
	Opening Unspent Balance	758 545	458 545
	Grants Received	-	300 000
	Closing Unspent Balance	758 545	758 545
	The grant was received for 'greening' the environment as well as proactively preserving it for future generations.		
	<b>21.11 Municipal Disaster Relief Grant</b>		
	Opening Unspent Balance	6 400 000	-
	Grants Received	14 266 000	6 400 000
	Transferred to Revenue - Capital	(8 248 362)	-
	Transferred to Revenue - Operating	(1 237 254)	-
	Closing Unspent Balance	11 180 383	6 400 000
	The grant was received from Provincial Government to be utilised for flood intervention measures within the Senqu area.		
	<b>21.12 Total Transfers and Subsidies</b>		
	Opening Unspent Balance	27 074 730	23 502 166
	Grants Received	247 863 000	226 018 000
	Current year receipts - Interest	1 020 477	771 874
	Transferred to Revenue - Capital	(43 309 971)	(34 365 765)
	Transferred to Revenue - Operating	(199 772 544)	(188 851 545)
	Funds returned to NT	(4 951 000)	-
	Closing Unspent Balance	27 924 691	27 074 730
22	<b>FINES, PENALTIES AND FORFEITS</b>		
	Fines: Pound Fees	51 904	44 248
	Fines: Traffic	252 800	248 300
	Penalties	624 036	213 900
	Forfeits: Retentions	-	408 946
	<b>Total</b>	<b>928 740</b>	<b>915 394</b>
	In terms of the requirements of GRAP 23 and IGRAP1, all Traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
	Retentions forfeited are recognised as revenue for the construction contracts that were terminated.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

		2024	2023
		R	R
<b>23</b>	<b>SERVICE CHARGES</b>		
	Electricity Revenue	56 838 127	44 526 191
	Refuse Removal Revenue	8 638 950	9 116 869
	<b>Total</b>	<b>65 477 077</b>	<b>53 643 060</b>
	The costs associated with the Free Basic Services provided to indigents are disclosed under operating expenditure projects. It is disclosed in various other expenditure line items as stated below:		
	Cost of Free Basic Services: Electricity	7 181 155	7 561 712
	Bulk Purchases	5 173 502	5 600 253
	Operational Cost	2 007 653	1 961 459
	<b>Total - Restated 2023</b>	<b>7 193 954</b>	<b>7 561 712</b>
<b>24</b>	<b>RENTAL FROM FIXED ASSETS</b>		
	Investment Property	1 793 232	1 425 867
	Buildings	18 518	43 082
	Machinery and Equipment	2 038	6 786
	<b>Total</b>	<b>1 813 788</b>	<b>1 475 736</b>
<b>25</b>	<b>INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
	Interest earned on Investment - Standard Bank 388489162/0	31 723 501	24 887 802
	Interest earned on Investment - Standard Bank 388489731/0	10 036 814	7 320 726
	Interest earned on Investment - Standard Bank 388486066/3	1 307 442	-
	<b>Total</b>	<b>43 067 757</b>	<b>32 208 528</b>
<b>26</b>	<b>INTEREST EARNED - OUTSTANDING DEBTORS</b>		
	Interest Earned - Service Debtors	5 815 409	4 751 626
	Interest Earned - Penalty Interest on Property Rates	2 000 203	1 720 263
	<b>Total</b>	<b>7 815 612</b>	<b>6 471 889</b>
<b>27</b>	<b>LICENCES AND PERMITS</b>		
	Drivers Licence Application	967 917	1 058 801
	Learner Licence Application	225 762	240 138
	Business Licenses	32 295	1 794
	<b>Total</b>	<b>1 225 974</b>	<b>1 300 733</b>
<b>28</b>	<b>AGENCY SERVICES</b>		
	Vehicle Licencing and Registration	1 046 830	1 204 135
	<b>Total</b>	<b>1 046 830</b>	<b>1 204 135</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

		2024	2023
		R	R
<b>29</b>	<b>SALES OF GOODS AND RENDERING OF SERVICES</b>		
	Advertisements	5 009	-
	Building Plan Clause Levy	187 470	34 694
	Cemetery and Burial	24 044	21 351
	Clearance Certificates	17 435	24 781
	Entrance Fees	45 671	3 014
	Library Fees	9 906	5 284
	Photocopies and Faxes	10 561	2 607
	Sale of Agricultural Products	86 003	14 844
	Sub-division and Consolidation Fees	12 600	-
	Valuation Services	5 175	3 803
	<b>Total</b>	<b>403 874</b>	<b>110 377</b>
<b>30</b>	<b>OPERATIONAL REVENUE</b>		
	Commission	300 296	315 585
	LG Seta	250 855	202 211
	Road Worthy Certificate Application	-	1 304
	Staff Recoveries	-	30 187
	<b>Total</b>	<b>551 150</b>	<b>549 287</b>
<b>31</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Basic Salary	83 367 025	81 143 980
	Pension and UIF Contributions	14 045 688	12 445 964
	Medical Aid Contributions	7 530 619	6 568 343
	Bonuses	6 822 189	6 025 268
	Performance Bonus	4 355 066	4 060 747
	Telephone allowance	1 233 145	1 164 877
	Housing Allowances	417 096	389 049
	Other benefits and allowances	39 032	36 151
	Acting and Post Related Allowances	1 020 487	717 000
	Overtime	3 063 192	2 734 883
	Standby Allowance	881 305	744 110
	Travel allowance	3 698 867	3 235 929
	Leave Contributions	4 012 643	3 222 348
	Long service awards	389 000	379 000
	Post Retirement Medical Benefits	1 670 000	1 748 000
	<b>Total</b>	<b>132 545 352</b>	<b>124 615 650</b>
	<b>Remuneration of Key Personnel</b>		
	Key management personnel are all appointed on 5-year fixed contracts.		
	<b>Municipal Manager - MM Yawa (Resigned February 2023)</b>		
	Annual Remuneration	-	1 597 664
	Ex Gracia	-	3 370 277
	Performance Bonus - 2020/21	454 383	-
	Performance Bonus - 2021/22	470 287	-
	Travel Allowance	-	51 456
	Telephone allowance	-	41 793
	UIF Contributions	-	1 417
	<b>Total</b>	<b>924 670</b>	<b>5 062 608</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

31	EMPLOYEE RELATED COSTS (CONTINUED)	2024 R	2023 R
	<b><i>Municipal Manager - T Mawonga (Appointed July 2023)</i></b>		
	Annual Remuneration	2 244 517	-
	Travel Allowance	144 000	-
	Telephone allowance	68 825	-
	UIF Contributions	2 125	-
	<b>Total</b>	<b>2 459 468</b>	<b>-</b>
	<b><i>Director Financial Services - Mr K Fourie (Contract expired April 2023; Re-appointed November 2023)</i></b>		
	Annual Remuneration	1 044 441	1 742 467
	Performance Bonus - 2020/21	329 477	-
	Performance Bonus - 2021/22	363 175	-
	Travel Allowance	96 000	120 153
	Telephone allowance	-	46 068
	UIF Contributions	1 417	1 948
	<b>Total</b>	<b>1 834 510</b>	<b>1 910 636</b>
	<b><i>Director Technical Services - R Ruiters</i></b>		
	Annual Remuneration	1 489 631	1 506 325
	Performance Bonus - 2020/21	266 291	-
	Performance Bonus - 2021/22	330 734	-
	Travel Allowance	336 368	336 368
	Telephone allowance	52 696	56 814
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 477 846</b>	<b>1 901 632</b>
	<b><i>Director Community and Social Services - N Nyezi</i></b>		
	Annual Remuneration	1 861 548	1 940 006
	Performance Bonus - 2021/22	330 734	-
	Telephone allowance	53 225	56 534
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 247 632</b>	<b>1 998 666</b>
	<b><i>Director Corporate and Support Services - Z Koyana</i></b>		
	Annual Remuneration	1 773 107	1 777 289
	Performance Bonus - 2020/21	266 291	-
	Performance Bonus - 2021/22	330 734	-
	Travel Allowance	60 000	60 000
	Telephone allowance	53 225	56 534
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 485 482</b>	<b>1 895 948</b>
	<b><i>Director Development and Town Planning Services - K Chaphi</i></b>		
	Annual Remuneration	1 600 237	1 608 724
	Performance Bonus - 2020/21	266 291	-
	Performance Bonus - 2021/22	330 734	-
	Travel Allowance	232 870	232 870
	Telephone allowance	53 225	56 534
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 485 482</b>	<b>1 900 254</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

32	REMUNERATION OF COUNCILLORS	2024 R	2023 R
	Mayor	1 003 681	934 685
	Speaker	812 867	756 149
	Chief Whip	448 803	418 999
	Executive Committee Members	1 795 212	1 671 196
	Councillors	8 600 918	8 019 733
	Other Councillors' contributions and allowances	1 248 788	1 175 200
	<b>Total</b>	<b>13 910 269</b>	<b>12 975 962</b>
	<b>In-kind Benefits</b>		
	The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor and Speaker may utilise official Council transportation when engaged in official duties. The packages are set out below:		
	<b>Mayor</b>		
	Annual Remuneration	957 111	890 885
	Telephone allowance	46 570	43 800
	<b>Total</b>	<b>1 003 681</b>	<b>934 685</b>
	<b>Speaker</b>		
	Annual Remuneration	766 297	712 349
	Telephone allowance	46 570	43 800
	<b>Total</b>	<b>812 867</b>	<b>756 149</b>
	<b>Chief Whip</b>		
	Annual Remuneration	402 233	375 199
	Telephone allowance	46 570	43 800
	<b>Total</b>	<b>448 803</b>	<b>418 999</b>
	<b>Executive Committee Members</b>		
	Annual Remuneration	1 608 932	1 495 996
	Telephone allowance	186 280	175 200
	<b>Total</b>	<b>1 795 212</b>	<b>1 671 196</b>
	<b>Councillors (Section 79)</b>		
	Annual Remuneration	1 952 565	1 820 335
	Telephone allowance	232 850	219 000
	<b>Total</b>	<b>2 185 415</b>	<b>2 039 335</b>
	<b>Councillors (Ordinary)</b>		
	Annual Remuneration	6 648 353	6 199 398
	Telephone allowance	1 015 938	956 200
	<b>Total</b>	<b>7 664 291</b>	<b>7 155 598</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

		2024	2023
		R	R
<b>33</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions - Note 3	13 503 088	12 748 695
	Receivables from non-exchange transactions - Note 4	4 897 721	4 709 308
	<b>Total Contribution to Debt Impairment Provision</b>	<b>18 400 808</b>	<b>17 458 003</b>
	Movement in VAT included in debt impairment - Note 5	(936 520)	(816 900)
	<b>Total</b>	<b>17 464 288</b>	<b>16 641 103</b>
	Debt Impairment consists out of the following:		
	Debt Impairment	12 744 209	14 496 729
	Bad Debts Written off	4 720 079	2 144 374
	<b>Total</b>	<b>17 464 288</b>	<b>16 641 103</b>
<b>34</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	16 892 955	16 927 731
	Intangible Assets	28 739	50 545
	Capitalised Restoration Cost (PPE)	767 383	53 868
	<b>Total - Restated 2023</b>	<b>17 689 077</b>	<b>17 032 144</b>
<b>35</b>	<b>IMPAIRMENT LOSS</b>		
	Buildings	837 447	-
	Investment Property	272 000	-
	<b>Sub-Total</b>	<b>1 109 447</b>	<b>-</b>
	Capitalised Restoration Cost (PPE)	-	314 017
	<b>Total</b>	<b>1 109 447</b>	<b>314 017</b>
<b>36</b>	<b>FINANCE CHARGES</b>		
	Annuity Loans	586 079	598 130
	Rehabilitation Provision - Landfill Sites	2 569 607	2 326 281
	Post Retirement Medical Benefits	2 189 000	2 154 000
	Long Service Awards	301 000	295 000
	Overdue accounts	-	24 042
	<b>Total</b>	<b>5 645 685</b>	<b>5 397 454</b>
<b>37</b>	<b>BULK PURCHASES</b>		
	Electricity	48 678 878	45 498 755
	<b>Total</b>	<b>48 678 878</b>	<b>45 498 755</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

		2024	2023
		R	R
<b>38</b>	<b>CONTRACTED SERVICES</b>		
	Consultants and Professional Services	12 842 969	11 012 298
	Business and Advisory	9 670 178	7 750 886
	Infrastructure and Planning	260 870	258 165
	Legal Cost	2 911 921	3 003 247
	Contractors	7 710 046	7 886 901
	Electrical	177 599	-
	Employee Wellness	-	254 400
	Event Promoters	1 270 651	1 033 287
	Interior Decorator	15 000	4 740
	Maintenance of Buildings and Facilities	807 549	1 304 926
	Maintenance of Equipment	711 854	1 018 991
	Maintenance of Unspecified Assets	4 645 001	4 176 073
	Pest Control and Fumigation	-	28 510
	Transportation	82 392	65 973
	Outsourced Services	17 966 226	12 351 898
	Burial Services	65 800	28 800
	Catering Services	1 037 135	849 126
	Cleaning Services	29 000	12 661
	Personnel and Labour	7 077 945	5 860 437
	Project Management	378 807	290 000
	Security Services	9 377 540	5 310 873
	<b>Total</b>	<b>38 519 241</b>	<b>31 251 097</b>
<b>39</b>	<b>TRANSFERS AND SUBSIDIES</b>		
	Tourism Support	36 321	42 055
	<b>Total</b>	<b>36 321</b>	<b>42 055</b>
<b>40</b>	<b>OPERATING LEASES</b>		
	Buildings	367 835	268 369
	Furniture and Office Equipment	14 185	-
	Machinery and Equipment	24 300	204 012
	Transport Assets	2 174	77 822
	<b>Total</b>	<b>408 494</b>	<b>550 203</b>



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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

41	OPERATIONAL COST	2024 R	2023 R
	Advertising, Publicity and Marketing	605 817	854 495
	Assets less than the Capitalisation Threshold	100 963	38 228
	Bank Charges, Facility and Card Fees	418 025	319 146
	Bursaries (Employees)	112 417	304 222
	Communication	137 923	391 476
	Commission: Prepaid Electricity	223 073	439 289
	Consumables	2 405 477	2 036 742
	Deeds	19 835	14 238
	Entertainment	24 402	66 098
	External Audit Fees	4 263 711	5 277 163
	External Computer Service	3 770 641	3 672 147
	Fuel and Oil	5 013 524	5 920 938
	Insurance Underwriting	900 531	4 219 406
	Learnerships and Internships	511 982	335 013
	Maintenance Materials	3 368 048	2 181 299
	Motor Vehicle Licence and Registrations	302 587	297 308
	Municipal Services	191 252	50 644
	Printing, Publications and Books	74 833	23 362
	Professional Bodies, Membership and Subscription	1 497 428	1 351 205
	Registration Fees	1 336 263	1 288 137
	Remuneration to Ward Committees	2 554 000	1 953 000
	Seating Allowance for Traditional Leaders	174 714	153 800
	Skills Development Fund Levy	1 275 525	1 063 866
	Transport Provided as Part of Departmental Activities	490 091	972 363
	Travel Agency Fees	466 154	297 293
	Travel and Subsistence	7 050 197	5 258 558
	Uniform and Protective Clothing	1 780 912	1 435 971
	Workmen's Compensation Fund	943 459	944 347
	<b>Total - Restated 2023</b>	<b>40 013 784</b>	<b>41 159 753</b>
42	DISPOSAL OF NON-MONETARY ASSETS		
42.1	Gain on Disposal of Investment Property		
	Proceeds	557 391	-
	Less: Fair value of Investment Property disposed	(208 500)	
	<b>Total</b>	<b>348 891</b>	<b>-</b>
42.2	Loss on Disposal of Assets		
	Less: Carrying value of Property, Plant and Equipment disposed	704 538	833 093
	Less: Carrying value of Intangible Assets	1 333	6
	<b>Total</b>	<b>705 871</b>	<b>833 099</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

43	REPAIRS AND MAINTENANCE	2024	2023
		R	R
	Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:		
	The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:		
	Contracted Services	6 929 826	7 231 460
	Contractors - Electrical	177 599	-
	Contractors - Maintenance of Buildings and Facilities	807 549	1 304 926
	Contractors - Maintenance of Equipment	711 854	1 018 991
	Contractors - Maintenance of Unspecified Assets	4 643 701	4 176 073
	Contractors - Transportation	82 392	65 973
	Outsourced Services - Personnel and Labour	506 731	665 497
	Operational Cost	3 977 402	4 678 348
	Consumables	149 461	144 011
	Fuel and Oil	1 069 269	2 223 373
	Maintenance Materials	2 499 803	2 181 299
	Uniform and Protective Clothing	258 870	129 665
	<b>Total</b>	<b>10 907 228</b>	<b>11 909 808</b>
	GRAP 17 requires disclosure of repairs and maintenance per asset class:		
	Buildings and other structures	2 051 417	2 836 088
	Tools and equipment	501 079	452 199
	Furniture and office equipment	245 802	337 075
	Vehicles and Implements	5 235 574	2 934 176
	Roads and stormwater	2 274 349	4 776 974
	Electricity Reticulation	221 862	85 818
	Streetlights	377 144	462 479
	Solid Waste Sites	-	25 000
	<b>Total</b>	<b>10 907 228</b>	<b>11 909 808</b>
44	CORRECTION OF ERROR IN TERMS OF GRAP 3		2023
			R
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.		
44.1 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
	Balance previously reported		7 581 115
	Overpayment to supplier previously not recognised - 1 July 2022 - Notes 4 and 44.5		1 090
	Restated Balance on 30 June 2023		7 582 205

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>44</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	<b>2023</b>
		<b>R</b>
<b>44.2</b>	<b>PROPERTY PLANT AND EQUIPMENT</b>	
	<b>Balance previously reported</b>	<b>488 518 277</b>
	Recognise BMW previously disposed - Cost 1 July 2022 - Notes 9 and 44.5	835 086
	Recognise Accumulated Depreciation on BMW previously disposed - 1 July 2022 - Notes 9 and 44.5	(389 054)
	Recognise Depreciation on BMW previously disposed - 2022/23 - Notes 9 and 44.5	(50 392)
	<b>Restated Balance on 30 June 2023</b>	<b>488 913 917</b>
<b>44.3</b>	<b>INTANGIBLE ASSETS</b>	
	<b>Balance previously reported</b>	<b>329 567</b>
	Correction of Computer software incorrectly capitalised 2022/23 - Notes 10 and 44.6	(262 261)
	Correction of Depreciation on Computer software incorrectly capitalised 2022/23 - Notes 10 and 44.6	10 336
	<b>Restated Balance on 30 June 2023</b>	<b>77 642</b>
<b>44.4</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
	<b>Balance previously reported</b>	<b>12 009 966</b>
	Travel and Subsistence expenditure incorrectly excluded from Salary Control account for 2022/23 - Notes 14 and 44.6	(19 888)
	<b>Restated Balance on 30 June 2023</b>	<b>11 990 078</b>
<b>44.5</b>	<b>ACCUMULATED SURPLUS</b>	
	Recognise BMW previously disposed - Cost 1 July 2022 - Note 44.2	835 086
	Recognise Accumulated Depreciation on BMW previously disposed - 1 July 2022 - Note 44.2	(389 054)
	Overpayment to supplier previously not recognised - 1 July 2022 - Note 44.1	1 090
	<b>Restated Balance on 30 June 2023</b>	<b>447 122</b>
<b>44.6</b>	<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	
	<b>Balance previously reported</b>	<b>48 030 114</b>
	Recognise Depreciation on BMW previously disposed - 2022/23 - Note 44.2	(50 392)
	Effect on Depreciation and Amortisation	(50 392)
	Correction of Computer software incorrectly capitalised 2022/23 - Note 44.3	(251 925)
	Effect on Depreciation and Amortisation	10 336
	Effect on Operational Cost	(262 261)
	Travel and Subsistence expenditure incorrectly excluded from Salary Control account for 2022/23 - Note 44.4	19 888
	Effect on Operational Cost	19 888
	Reclassification of Employee Related Cost line items for 2022/23 - Note 31	-
	Effect on Basic Salary	(7 431 923)
	Effect on Acting and Post Related Allowances	717 000
	Effect on Overtime	2 734 883
	Effect on Standby Allowance	744 110
	Effect on Travel allowance	3 235 929
	<b>Restated Balance on 30 June 2023</b>	<b>47 747 685</b>

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

45	NET CASH FROM OPERATING ACTIVITIES	2024	2023
		R	R
	Net Surplus for the year	71 177 263	47 747 685
	Adjusted for:		
	Non-Cash Items	38 140 982	33 963 832
	Debt Impairment	17 464 288	16 641 103
	Depreciation and Amortisation	17 689 077	17 032 144
	Impairments	1 109 447	314 017
	Gain on Fair Value Adjustments of Investment Property	(1 605 675)	(963 425)
	Gain on Disposal of Capitalised Restoration Cost (PPE)	(612 268)	-
	Actuarial Gains	(1 364 572)	(4 671 529)
	Actuarial Losses	20 207	-
	Finance Charges	5 059 607	4 775 281
	Loss on disposal of PPE	705 871	833 099
	Inventory Loss	23 892	3 142
	Gain on Disposal of Investment Property	(348 891)	
	Contributions - Provisions and Employee Benefits	18 192 355	16 379 710
	Post Retirement Medical Benefits	1 670 000	1 748 000
	Long Service Awards	389 000	379 000
	Performance Bonuses	4 355 065	4 060 747
	Bonuses	6 822 189	6 025 268
	Compensation for injuries on duty	943 458	944 347
	Staff Leave	4 012 643	3 222 348
	Expenditure - Provisions and Employee Benefits	(16 338 135)	(9 796 930)
	Post Retirement Medical Benefits	(324 428)	(288 449)
	Long Service Awards	(367 207)	(612 022)
	Performance Bonuses	(6 752 863)	-
	Bonuses	(6 347 730)	(6 020 010)
	Staff Leave	(2 545 906)	(2 876 449)
	Other adjustments	(4 770 465)	(2 148 950)
	Bad Debts Written Off	(4 720 079)	(2 144 374)
	Movement on Operating Lease Asset	(50 387)	(359)
	Movement on Operating Lease Liability	-	(4 217)
	Operating Surplus before changes in working capital	106 402 000	86 145 347
	Movement in working capital	(14 700 811)	(10 157 021)
	Receivables from exchange and non-exchange transactions	(22 867 057)	(15 320 534)
	Inventory	(89 801)	140 136
	Payables from exchange transactions	6 098 883	3 500 559
	Payables from non-exchange transactions	849 961	3 572 565
	Taxes	1 307 203	(2 049 747)
	<b>Cash Flow from Operating Activities</b>	<b>91 701 189</b>	<b>75 988 326</b>
46	CASH AND CASH EQUIVALENTS		
	Cash and Cash Equivalents comprise out of the following:		
	Primary Bank Account	47 195 296	520 449
	Call and short-term Investments Deposits	459 530 354	497 310 676
	Cash Floats	700	700
	<b>Total</b>	<b>506 726 350</b>	<b>497 831 825</b>
	Refer to note 2 for more details relating to cash and cash equivalents.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 47 BUDGET COMPARISONS

#### 47.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

##### Statement of financial position

Capitalised Restoration Cost is incorporated under the Property, plant and equipment line item in the budget

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

##### Statement of financial performance

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

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

The budget statements do not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Operational Costs in the budget statement. Operational Costs per budget statement consist out of the following line items - Operating Leases and Operational Cost. Inventory Consumed are also included under Operational cost in the annual financial statements and not as a separate item on the Statement of financial performance as per the budget schedules. The reason for this is that the current detail provided in mSCOA does not provide the nature of the expense which could be problematic from a GRAP point of view.

##### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

#### 47.2 MATERIAL VARIANCES

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

48	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE	2024	2023
		R	R
48.1 UNAUTHORISED EXPENDITURE			
Unauthorised expenditure can be reconciled as follow:			
	Opening balance	-	-
	Unauthorised expenditure current year - capital	2 049 931	-
	Unauthorised expenditure awaiting Council consideration	2 049 931	-

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	<b>2024 (Actual) R</b>	<b>2024 (Final Budget) R</b>	<b>2024 (Unauthorised) R</b>
<b>Unauthorised expenditure - Operating</b>			
Executive & Council	39 880 691	46 999 457	-
Planning & Development	21 935 751	27 897 483	-
Corporate Services	43 592 305	48 622 014	-
Budget & Treasury	42 996 098	49 457 503	-
Road Transport	31 170 719	39 925 691	-
Waste Water Management	3 913 647	5 376 993	-
Community & Social Services	19 546 264	21 303 904	-
Sport & Recreation	2 399 969	2 759 987	-
Public Safety	1 614 809	1 890 061	-
Electricity	69 043 658	85 684 365	-
Waste Management	40 676 895	50 072 658	-
<b>Total</b>	<b>316 770 806</b>	<b>379 990 115</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>			
Executive & Council	209 205	215 000	-
Corporate Services	899 282	5 470 000	-
Budget & Treasury	1 775 114	2 960 850	-
Road Transport	43 872 744	87 242 837	-
Waste Water Management	1 615 675	2 230 404	-
Community & Social Services	3 834 778	5 804 889	-
Sport & Recreation	6 904 805	4 854 874	2 049 931
Public Safety	1 026 323	1 080 000	-
Electricity	991 166	1 265 000	-
Waste Management	21 389 934	21 789 264	-
<b>Total</b>	<b>82 519 025</b>	<b>132 913 118</b>	<b>2 049 931</b>

The unauthorised expenditure relates to payment of invoices for the Construction of the Blue-gums Sports Field which exceeded the budget allocated only for the 2023/24 financial year. The aggregate 2023/24 MTREF budget of the project and the contract amount has not been exceeded.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	2024 R	2023 R
<b>48.2 FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Fruitless and wasteful expenditure consist of the following:		
Opening balance	2 023 681	160 553
Fruitless and wasteful expenditure incurred - current year	10 524	1 863 127
Fruitless and wasteful expenditure incurred - prior year	50 283	-
<b>Fruitless and wasteful expenditure awaiting Council consideration</b>	<b>2 084 488</b>	<b>2 023 681</b>
Details of Fruitless and wasteful expenditure incurred:		
Penalties paid to Department of Transport	-	23 665
Interest paid to SARS	59 104	15 420
Interest paid to SALA Pension Fund	-	24 042
Advance payment to contractor	-	1 800 000
Lithaba Travels (Accommodation)	1 703	-
<b>Total</b>	<b>60 807</b>	<b>1 863 127</b>
The Fruitless and Wasteful expenditure for the year under review relates to interest charged on employment taxes (SARS) and accommodation booking that was not cancelled upon cancellation of the related trip.		
The amount for 2022/23 includes the interest on overdue roadworthy certificates and licences, interest charged on employment taxes (SARS) as well as interest charged on employer's pension contribution. An Advance payment was made to a contractor during 2022/23, but the contract was terminated before the work was completed. The municipality is in the process of recovering the advance payment.		
The Council has referred the amounts disclosed above to MPAC for investigation, except for those that were recently identified during the AFS preparation process which will be reported in the next council meeting.		
<b>48.3 IRREGULAR EXPENDITURE</b>		
Irregular expenditure consist of the following:		
Opening balance	59 548 156	38 236 811
Irregular expenditure incurred - current	5 778 289	21 012 942
Irregular expenditure incurred - prior period	-	298 403
<b>Irregular expenditure awaiting Council consideration</b>	<b>65 326 446</b>	<b>59 548 156</b>
Details of Irregular expenditure incurred :		
Deviations from Supply Chain Regulations and Policies	5 778 289	21 311 345
<b>Total</b>	<b>5 778 289</b>	<b>21 311 345</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

48	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)	2024	2023
		R	R
	Breakdown of Irregular expenditure incurred:		
	1. Expenditure incurred without following SCM prescripts	21 714	1 516 274
	2. Deviation in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	-	5 872 318
	3. Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	5 553 548	6 584 199
	4. Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	203 028	298 403
	5. Non-compliance with SCM regulation 13( c )	-	7 040 151
	<b>Total</b>	<b>5 778 289</b>	<b>21 311 345</b>
	Number of incidents:	<b>2024</b>	<b>2023</b>
	1. Expenditure incurred without following SCM prescripts	3	7
	2. Deviation in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	-	2
	3. Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	10	4
	4. Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	1	1
	5. Non-compliance with SCM regulation 13( c )	-	1
	<b>Total</b>	<b>14</b>	<b>15</b>

Amounts of R4 932 682 for 2020/21, R7 390 028 for 2021/22 and R5 872 318 for 2022/23 identified as Deviations from Supply Chain Regulations and Policies, relates to procurement that did not follow the supply chain prescripts, but was detected via the municipal internal control system.

Included in the 2022/23 opening balance is an amount of R25 047 868 which was identified as non-compliance with the BBEEE Act. This relates to an award that was made to a contractor that was not in compliance with the BBEEE act, read with the Preferential Procurement Regulations. The irregular expenditure was identified in October 2019 and the total amount of R25 047 868 represents the expenditure up to the date the irregularity was identified. No further payments were done after the identification of the irregularity. The project was halted pending legal action.

Subsequent to 30 June 2024, irregular expenditure amounting to R34 651 097.39 was written off by the council through a council resolution in a meeting held on 31 July 2024.

The classification, validation and recoverability of all remaining irregular expenditure will be determined by Council in terms of section 32 of MFMA and section 14 of the PPPFA 2017.

The Council has referred the amounts disclosed above to MPAC for investigation, except for those that were recently identified during the AFS preparation process which will only be reported in the next council meeting.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

48.4 MATERIAL LOSSES	2024	2023
<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	23 242 554	22 142 594
- Units sold (Kwh)	18 369 707	18 002 192
- Units lost during distribution (Kwh)	4 872 847	4 140 402
- Units cost (Kwh)	1.9986	1.7359
- Percentage lost during distribution	20.97%	18.70%
- Units lost considered material losses above a 12.5% (2023: 10%) norm	2 548 592	3 918 976
- Cost of units lost considered as material losses	5 093 627	6 802 973

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

	2024 R	2023 R
<b>49.1 Salga Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Expenditure incurred	1 482 308	1 328 399
Payments	(1 482 308)	(1 328 399)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

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

Opening balance	7 346	-
Expenditure incurred	4 903 268	6 068 738
External Audit - Auditor-General	4 903 268	6 068 738
Payments	(4 910 614)	(6 061 391)
<b>Outstanding Balance</b>	<b>-</b>	<b>7 346</b>

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

Opening balance	10 289 170	9 340 623
Amounts received - previous year	(2 672 177)	(1 723 630)
Amounts received - current year	(15 579 232)	(6 440 855)
Amounts claimed - current year (payable)	15 579 232	9 113 031
<b>Vat Receivable</b>	<b>7 616 993</b>	<b>10 289 170</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>(8 261 160)</b>	<b>(6 956 338)</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.

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

Payments due to SARS	25 042 848	23 036 949
Payments	(25 042 848)	(23 036 949)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

49	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2024 R	2023 R
49.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]			
	Payments due to pension fund and medical aid	36 168 042	29 805 417
	Payments	(36 168 042)	(29 805 417)
	Outstanding Balance	-	-
49.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]			
	No Councillors had arrear accounts outstanding for more than 90 days at year end.		
49.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM			
	During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.		
	Approved deviations from Supply Chain Management Regulations were identified on the following categories:		
	Emergencies	21 783 873	-
	Goods and services are available from a Single provider only	68 186	6 500
	Other exceptional cases where it is impractical or impossible to follow the official procurement processes.	-	1 464 825
	Total	21 852 059	1 471 325
	Deviations per vote:		
	Executive & Council	-	423 416
	Corporate Services	43 553	361 909
	Budget & Treasury	24 633	686 000
	Road Transport	21 499 204	-
	Electricity	284 669	-
	Total	21 852 059	1 471 325
	Expenditure incurred on deviations from Supply Chain Management Regulations that are Rates-based	4 808 090	971 967
49.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]			
	No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

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

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

<u>Entity</u>	<u>Staff Member</u>	<b>2024</b> R	<b>2023</b> R
Lady Grey Joinery and Construction (Spouse is Director)	M A Theron	-	43 525
Copper Leaf Trading CC (Spouse is Director)	M A Theron	-	12 837
Kwa Jola & Trading (Mangali - Sister is Owner; Bhunguzana - Spouse is Owner)	IL Mangali RS Bhunguzana	-	22 454
Work Dynamics (Sister is Director)	Z. Koyana	-	7 287
January Tours and Projects (Brother is owner)	CLlr N January	124 148	22 950
<b>Total - Restated 2023</b>		<b>124 148</b>	<b>109 054</b>

The amount for 30 June 2023 was restated from R86 104 to R109 054 due to the "January Tours and Projects" amount that was previously not included

### 50 CAPITAL COMMITMENTS

#### Commitments in respect of capital expenditure:

Approved and contracted for:	191 675 566	63 087 748
Land & Buildings	32 519 059	47 245 281
Infrastructure	134 961 507	14 867 167
Community	24 195 000	975 300
<b>Total</b>	<b>191 675 566</b>	<b>63 087 748</b>

This expenditure will be financed from:

Capital Replacement Reserve	96 162 811	6 267 975
Government Grants - MIG	87 734 800	56 819 773
Government Grants - Disaster Relief Grant	7 777 956	-
<b>Total</b>	<b>191 675 566</b>	<b>63 087 748</b>

The Capital Commitments balance increased significantly from 30 June 2023 to 30 June 2024 due to the appointment of three major road construction projects during the 2023/2024 financial year.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 51 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

#### 51.1 Credit Risk

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

	2024	2023
	R	R
The following financial assets are exposed to credit risk:		
Cash and Cash Equivalents	506 726 350	497 831 825
Receivables from exchange transactions	24 313 874	13 955 160
<b>Total</b>	<b>531 040 224</b>	<b>511 786 985</b>

#### Cash and Cash Equivalents

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

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

#### Receivables from Exchange Transactions

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

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

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

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

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

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

51	FINANCIAL RISK MANAGEMENT (CONTINUED)	2024 R	2023 R
	The following service receivables are past due, but not impaired:		
	Electricity	12 572 671	5 260 372
	Refuse	1 017 808	984 006
	Other Services	248 883	232 017
	<b>Total</b>	<b>13 839 363</b>	<b>6 476 396</b>
	These receivables can be aged as follows:		
	1 Month past due	2 059 053	1 378 467
	2 Month past due	1 526 801	778 163
	3 Month past due	1 059 210	460 702
	> 3 Months past due	9 194 299	3 859 064
	<b>Total</b>	<b>13 839 363</b>	<b>6 476 396</b>

### 51.2 Currency risk (Market Risk)

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

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

### 51.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (Excluding Cash on Hand)	506 725 650	497 831 125
Borrowings (Including Current Portion)	(5 920 813)	(6 843 349)
<b>Net balance exposed</b>	<b>500 804 836</b>	<b>490 987 776</b>

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

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

1% (2023 - 1%) increase in interest rates	5 008 048	4 909 878
0% (2023 - 0%) decrease in interest rates	-	-

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 51 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 51.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

30 JUNE 2024	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 417 968	4 968 683	1 035 274
Payables from exchange transactions	16 857 500	-	-
<b>Total</b>	<b>18 275 468</b>	<b>4 968 683</b>	<b>1 035 274</b>

  

30 JUNE 2023	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 466 362	5 171 131	2 201 527
Payables from exchange transactions	11 500 628	-	-
<b>Total - Restated</b>	<b>12 966 991</b>	<b>5 171 131</b>	<b>2 201 527</b>

The rehabilitation provision does not meet the definition of a financial instrument (due to the absence of a contracted counterparty for the balance).

#### 51.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>52</b>	<b>FINANCIAL INSTRUMENTS</b>	<b>2024</b>	<b>2023</b>
		<b>R</b>	<b>R</b>
	The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
	<u>Financial Assets</u>		
	Cash and Cash Equivalents	506 726 350	497 831 825
	Receivables from exchange transactions	23 068 924	13 465 711
	<b>Total</b>	<b>529 795 273</b>	<b>511 297 535</b>
	<u>Financial Liabilities</u>		
	Current Portion of Borrowings	942 652	922 862
	Payables from exchange transactions	16 857 500	11 500 628
	Borrowings	4 978 161	5 920 487
	<b>Total</b>	<b>22 778 314</b>	<b>18 343 977</b>

### 53 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

#### Receivables from Non-Exchange Transactions

Rates	32 229 078	28 873 797
Fines	1 987 900	1 735 300
<b>Total</b>	<b>34 216 978</b>	<b>30 609 097</b>

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

### 54 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

#### 54.01 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of the principal-agent arrangement:

Collections payable to the Department at the beginning of year	155 383	193 336
Revenue collected from third parties	8 765 964	6 272 331
Commission earned on collections	(2 996 137)	(2 053 287)
Collections paid over to The Department	(5 545 528)	(4 256 997)
<b>Collections payable to the Department at year-end</b>	<b>379 682</b>	<b>155 383</b>

Minimal risk was transferred from the Department of Transport, as the principal, to Senqu Municipality, as the agent, beyond the cash collected on behalf of the principal.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 55 EVENTS AFTER REPORTING DATE

None

### 56 IN-KIND DONATIONS AND ASSISTANCE

None

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

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

### 58 CONTINGENT LIABILITIES

**2024**  
**R**

**2023**  
**R**

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

#### 58.01 Dibanani Consulting CC

The CC has instituted action in the High Court, Grahamstown during December 2019 for the recovery of professional consulting engineering fees for road construction projects in Tienbank and Herschel. The Municipality has defended the action and filed an exception to the particulars of claim inter alia based on the fact that the claims are based on variation orders of the original contract that did not comply with the regulatory framework.

640 369

640 369

Dibanani wanted to settle this matter out of court but the Municipality has been advised against doing so. The Municipality will compel Dibanani to respond to its notice in terms of rule 35 by launching an application to compel it to do so.

#### 58.02 RT Civils CC ("The contractor")

The contractor has submitted a claim for the unlawful termination of the contract for Bid number: 03/2018, the Upgrading of the Lady Grey Solid Waste Site.

8 141 903

8 141 903

The Municipality's position is that the contractor abandoned the works and that the termination was lawful. The contractor has demanded payment of R8 141 903.40 on 20 April 2020 but no statement of claim has been submitted.

The dispute was referred to arbitration in terms of clause 10.7.1 of the GCC and an arbitrator was nominated who subsequently withdrew. The arbitration has been set down for hearing on 21 to 23 August 2023. The Municipality has submitted a statement of defence and a counter claim for R3 800 000. The contractor has not filed a statement of defence.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

58	CONTINGENT LIABILITIES (CONTINUED)	2024 R	2023 R
<b>58.03</b>	<b><u>Mr D Tsembeyi</u></b>		
	Mr Tsembeyi instituted action in the High Court, Mthatha during March 2020 for the market value of the top structures of houses that he allegedly constructed on municipal land. The Municipality has defended the action but the matter has not progressed.	700 000	700 000
	The claimant is unable to produce documents that show he built those top structures. It is highly likely that they do not exist. The Mthatha High Court is likely to issue a judgement in favour of the Municipality.		
	Discussion have been held between the parties in an effort to finalise the matter. As at end of quarter 3 the parties have proposed a settlement, however the proposal is at this point being deliberated upon.		
<b>58.04</b>	<b><u>DCB van Zyl N.O. &amp; 4 Others</u></b>		
	The plaintiffs have issued summons in the Barkly East Magistrate's Court for the recovery of the costs of erecting a boundary fence in the amount of R166 538.56.	166 539	166 539
	The Municipality has filed a special plea that the plaintiffs have not complied with the Fencing Act. It is likely that the claim will be dismissed with costs if the special plea succeeds.		
	The Municipality is, however, liable as an adjacent landowner for half of the reasonable costs of the fence if the claim is properly		
<b>58.05</b>	<b><u>Mvenya Auto &amp; Towing Services (Pty) Ltd</u></b>		
	The plaintiff has issued summons in the Lady Grey Magistrate's Court for damages of R150 431.61 as a result of damages to the plaintiff's vehicle due to a pothole near Botha and Murray Street, Lady Grey.	150 432	150 432
	The investigation by the Municipality has shown that there was no pothole at the time and it is likely that the claim will be dismissed with costs.		
<b>58.06</b>	<b><u>New Beginnings Projects CC</u></b>		
	The applicant brought a two-part application on 7 November 2023. In the first part of the application, Part A, which was brought as a matter of urgency, the applicant essentially sought to interdict the municipality from continuing with the implementation of a contract which it had awarded to a third party. Part B, is to obtain an order reviewing and setting aside the municipality's decision to award the contract.	300 000	-
	Part A of the application was dismissed by court on the grounds that it lacked urgency and costs were awarded to the municipality. Part B is currently being addressed an interlocutory application has been brought on behalf of the municipality.		
<b>58.07</b>	<b><u>Silindokhle May</u></b>		
	S May instituted action in the High Court for injuries suffered after she allegedly fell from a roundabout in a playground in Barkly East. The municipality is defending the matter and the matter is pending.	500 000	-

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

58	CONTINGENT LIABILITIES (CONTINUED)	2024 R	2023 R
<b>58.08</b>	<b><u>B Tsotso</u></b>		
	Application in the Labour Court for the reinstatement of Ms Tsotso as a result of the alleged unlawful termination of her services, alternatively for the payment of compensation of R17 771 332.40 as damages.	1 091 515	-
	The Municipality filed its statement of defence on 17 October 2023 but the litigation has not advanced.		
	It is unlikely that the application for the reinstatement will succeed. In the unlikely event of the Labour Court awarding compensation such award will not exceed 12 months' salary.		
	The quantum of the claim for back-pay for reinstatement has not been quantified by Ms Tsotso. If an award is made for compensation its expected to be not more than 12 months' salary of R1 091 515.10.		
<b>58.09</b>	<b><u>Mr T Wonga</u></b>		
	Mr Wonga has claimed compensation for the value of the remainder of his contract of employment as a senior manager. Mr Wonga was re-employed by the Municipality with effect from the termination of his contract in an acting capacity as a senior manager at a lower rate of remuneration. He was subsequently re-employed by the Municipality as a bargaining unit employee and remained in this position until he was medically boarded.	-	-
	If the SALGBC agrees with Mr Wonga, it is likely to make an award of compensation for the value of the contract less any amounts paid during the period when he acted in the post and was re-employed as a bargaining unit employee until he was medically boarded or when his contract would have expired, whichever is the earlier date.		
	The claim has not been quantified by Mr Wonga and his attorney has been requested to calculate and submit the quantum of the claim based on what is recorded in the adjacent column.		
<b>58.10</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>58.11</b>	<b><u>Land Invasion</u></b>		
	The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.	-	-

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 59 RELATED PARTIES

Related parties are defined in note 1.34

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

Remuneration of related parties are disclosed in notes 31 and 32

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

	Rates - Levied 1 Jul 23 - 30 June 2024	Service Charges - Levied 1 Jul 23 - 30 June 2024
<b>Year ended 30 June 2024</b>		
<b>Councillors</b>	<b>1 597</b>	<b>7 369</b>
LN Mgojo	425	3 028
PM Mnisi	-	620
MA Mshasha	959	620
NC Stokwe	-	620
N Lose	81	620
NL Dumzela	40	620
M Phuza	92	620
SN Mfisa	-	620
<b>Municipal Manager and Section 56 Employees</b>	<b>37</b>	<b>413</b>
AK Fourie (1 Nov 2023 - 30 June 2024)	37	413

### 60 B-BBEE PERFORMANCE

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

### 61 SEGMENT REPORTING

#### 61.01 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 61 SEGMENT REPORTING (CONTINUED)

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

<b>No</b>	<b>Reportable Segment</b>	<b>Goods and/or services delivered</b>
1	Community Services	Community Halls, Cemeteries, Libraries, Parks and Sports fields
2	Public safety	Traffic control, Animal pounds, Public Nuisances, Fencing, Licensing and Control of Animals
3	Planning and development	Town Planning, Economic Development, Corporate Planning, Billboards and Project Management Unit
4	Roads	Construction and maintenance of Roads, Taxi Ranks, Road and Traffic Regulation
5	Electricity	Electricity related services
6	Waste water management	Storm Water Management and Public Toilets
7	Waste management	Solid Waste Removal, Landfill Sites, Recycling and Street Cleaning
<b>No</b>	<b>Non-Reportable Segment</b>	<b>Goods and/or services delivered</b>
1	Other	Supply of overall Governance and Internal Audit function; Administrative, Corporate and Finance services to the segments above; Tourism, Markets, Licensing and Regulation

The Non-Reportable Segment is added to reconcile back to the Statement of Financial Position and the Statement of Financial Performance as required by GRAP 18.

#### 61.02 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

#### 61.03 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

#### 61.04 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 61 SEGMENT REPORTING (CONTINUED)

2024

#### REVENUE

##### REVENUE FROM NON-EXCHANGE TRANSACTIONS

	Other	Community Services	Public safety	Planning and development	Roads	Electricity	Waste water management	Waste management	Total
Property Rates	18 603 345	-	-	-	-	-	-	-	18 603 345
Government Grants and subsidies	188 460 000	1 500 000	-	7 381 290	45 741 225	-	-	-	243 082 516
Actuarial Gains	-	-	-	-	-	1 364 572	-	-	1 364 572
Fines, Penalties and Forfeits	200	-	304 504	-	-	-	-	624 036	928 740
Interest Earned - Penalty Interest on Property Rates	2 000 203	-	-	-	-	-	-	-	2 000 203
Gain on Fair Value Adjustments of Investment Property	1 605 675	-	-	-	-	-	-	-	1 605 675
Gain on Disposal of Capitalised Restoration Cost (PPE)	-	-	-	-	-	-	-	612 268	612 268

##### REVENUE FROM EXCHANGE TRANSACTIONS

Service Charges	-	-	-	-	-	56 838 127	-	8 638 950	65 477 077
Rental from Fixed Assets	1 742 845	18 518	-	-	2 038	-	-	50 387	1 813 788
Interest Earned - external investments	43 067 757	-	-	-	-	-	-	-	43 067 757
Interest Earned - Service Debtors	60 820	-	-	-	-	1 297 220	-	4 457 369	5 815 409
Licences and Permits	32 295	-	1 193 679	-	-	-	-	-	1 225 974
Agency Services	-	-	1 046 830	-	-	-	-	-	1 046 830
Sales of Goods and Rendering of Services	64 284	48 508	86 003	205 079	-	-	-	-	403 874
Operational Revenue	250 855	-	300 296	-	-	-	-	-	551 150
Gain on Disposal of Investment Property	-	-	-	557 391	(208 500)	-	-	-	348 891

##### TOTAL REVENUE

255 888 278 1 567 026 2 931 312 8 143 760 45 534 764 59 499 918 - 14 383 010 387 948 069

#### EXPENDITURE

Employee related costs	54 959 213	16 005 855	5 046 061	16 809 312	12 702 504	7 988 489	2 699 934	16 333 985	132 545 352
Remuneration of Councillors	13 910 269	-	-	-	-	-	-	-	13 910 269
Debt Impairment	4 927 114	-	252 600	-	-	2 733 361	-	9 551 213	17 464 288
Depreciation and Amortisation	3 129 082	2 238 063	164 635	115 739	6 820 533	1 628 717	1 182 840	2 409 468	17 689 077
Impairment Loss	1 109 447	-	-	-	-	-	-	-	1 109 447
Actuarial Losses	20 207	-	-	-	-	-	-	-	20 207
Finance Charges	710 300	-	-	-	-	2 365 779	-	2 569 607	5 645 685
Bulk Purchases	-	-	-	-	-	48 678 878	-	-	48 678 878
Contracted services	24 679 781	958 493	199 608	970 130	3 039 421	1 450 108	-	7 221 701	38 519 241
Transfers and Subsidies	36 321	-	-	-	-	-	-	-	36 321
Operating Leases	331 853	52 341	-	-	-	-	-	24 300	408 494
Operational Cost	25 403 978	1 839 537	1 243 651	2 120 150	2 610 647	4 198 326	30 874	2 566 622	40 013 784
Loss on Disposal of Assets	-	-	-	-	705 871	-	-	-	705 871
Inventory Loss	23 892	-	-	-	-	-	-	-	23 892

##### TOTAL EXPENDITURE

129 241 458 21 094 290 6 906 554 3 913 647 40 676 895 316 770 806

##### SURPLUS FOR THE YEAR

126 646 820 (19 527 263) (3 975 242) (3 913 647) (26 293 885) 71 177 262

##### CAPITAL EXPENDITURE

2 883 601 10 739 583 14 628 816 - 30 270 251 991 166 1 615 675 21 389 934 82 519 025

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 61 SEGMENT REPORTING (CONTINUED)

	Non-Reportable Segments	Reportable Segments							Total
	Other	Community Services	Public safety	Planning and development	Roads	Electricity	Waste water management	Waste management	
<b>2023</b>									
<b>REVENUE</b>									
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	<b>199 622 286</b>	<b>1 500 000</b>	<b>290 448</b>	<b>6 351 741</b>	<b>36 023 765</b>	<b>4 407 551</b>	<b>-</b>	<b>622 846</b>	<b>248 818 637</b>
Property Rates	17 330 716	-	-	-	-	-	-	-	17 330 716
Government Grants and subsidies	179 341 804	1 500 000	-	6 351 741	36 023 765	-	-	-	223 217 310
Actuarial Gains	263 978	-	-	-	-	4 407 551	-	-	4 671 529
Fines, Penalties and Forfeits	2 100	-	290 448	-	-	-	-	622 846	915 394
Interest Earned - Penalty Interest on Property Rates	1 720 263	-	-	-	-	-	-	-	1 720 263
Gain on Fair Value Adjustments of Investment Property	963 425	-	-	-	-	-	-	-	963 425
Gain on Disposal of Capitalised Restoration Cost (PPE)	-	-	-	-	-	-	-	-	-
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>	<b>33 943 769</b>	<b>68 479</b>	<b>2 829 389</b>	<b>34 694</b>	<b>6 786</b>	<b>45 705 938</b>	<b>-</b>	<b>12 654 428</b>	<b>95 243 482</b>
Service Charges	-	-	-	-	-	44 526 191	-	9 116 869	53 643 060
Rental from Fixed Assets	1 425 957	36 223	-	-	6 786	-	-	6 769	1 475 736
Interest Earned - external investments	32 208 528	-	-	-	-	-	-	-	32 208 528
Interest Earned - Service Debtors	41 089	-	-	-	-	1 179 747	-	3 530 789	4 751 626
Licences and Permits	1 794	-	1 298 939	-	-	-	-	-	1 300 733
Agency Services	-	-	1 204 135	-	-	-	-	-	1 204 135
Sales of Goods and Rendering of Services	28 584	32 255	14 844	34 694	-	-	-	-	110 377
Operational Revenue	237 816	-	311 471	-	-	-	-	-	549 287
<b>TOTAL REVENUE</b>	<b>233 566 056</b>	<b>1 568 479</b>	<b>3 119 837</b>	<b>6 386 435</b>	<b>36 030 551</b>	<b>50 113 489</b>	<b>-</b>	<b>13 277 274</b>	<b>344 062 119</b>
<b>EXPENDITURE</b>									
Employee related costs	50 541 235	14 342 332	5 108 265	16 251 491	9 163 954	7 287 619	5 945 341	15 975 414	124 615 650
Remuneration of Councillors	12 975 962	-	-	-	-	-	-	-	12 975 962
Debt Impairment	4 592 252	-	246 200	-	-	2 878 018	-	8 924 633	16 641 103
Depreciation and Amortisation	2 695 010	2 013 126	43 394	107 306	7 775 195	1 747 596	1 196 085	1 454 433	17 032 144
Impairment Loss	-	-	-	-	-	-	-	314 017	314 017
Actuarial Losses	-	-	-	-	-	-	-	-	-
Finance Charges	722 941	-	-	-	-	2 348 232	-	2 326 281	5 397 454
Bulk Purchases	-	-	-	-	-	45 498 755	-	-	45 498 755
Contracted services	18 941 767	1 523 270	166 412	1 366 638	3 083 792	718 341	184 140	5 266 737	31 251 097
Transfers and Subsidies	42 055	-	-	-	-	-	-	-	42 055
Operating Leases	309 330	36 861	-	-	-	-	-	204 012	550 203
Operational Cost	24 187 976	2 195 414	1 269 165	1 280 135	3 668 908	6 005 366	28 089	2 524 702	41 159 753
Loss on Disposal of Assets	-	-	-	-	681 635	151 464	-	-	833 099
Inventory Loss	3 142	-	-	-	-	-	-	-	3 142
<b>TOTAL EXPENDITURE</b>	<b>115 011 669</b>	<b>20 111 003</b>	<b>6 833 437</b>	<b>19 005 569</b>	<b>24 373 484</b>	<b>66 635 390</b>	<b>7 353 654</b>	<b>36 990 230</b>	<b>296 314 434</b>
<b>SURPLUS FOR THE YEAR</b>	<b>118 554 387</b>	<b>(18 542 524)</b>	<b>(3 713 599)</b>	<b>(12 619 134)</b>	<b>11 657 067</b>	<b>(16 521 901)</b>	<b>(7 353 654)</b>	<b>(23 712 956)</b>	<b>47 747 685</b>
<b>CAPITAL EXPENDITURE</b>	<b>2 854 762</b>	<b>9 342 038</b>	<b>3 058 661</b>	<b>-</b>	<b>7 787 026</b>	<b>130 321</b>	<b>770 989</b>	<b>11 373 329</b>	<b>35 317 127</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 62 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>Financial Performance</b>						
Property rates	17 048 155	-	17 048 155	18 603 345	1 555 190	17 330 716
Service charges	71 789 271	(1 974 184)	69 815 087	65 477 077	(4 338 010)	53 643 060
Investment revenue	23 819 430	9 347 751	33 167 182	43 067 757	9 900 575	32 208 528
Transfers recognised - operational	200 984 435	878 222	201 862 657	199 772 545	(2 090 113)	188 851 545
Other own revenue	11 931 186	1 605 105	13 536 292	17 717 374	4 181 082	17 662 505
<b>Total Operating Revenue</b>	<b>325 572 478</b>	<b>9 856 895</b>	<b>335 429 373</b>	<b>344 638 098</b>	<b>9 208 725</b>	<b>309 696 355</b>
Employee costs	130 324 351	9 194 510	139 518 861	132 545 352	(6 973 508)	124 615 650
Remuneration of councillors	17 054 665	(3 115 246)	13 939 419	13 910 269	(29 150)	12 975 962
Debt impairment	14 562 404	2 659 162	17 221 566	17 464 288	242 722	16 641 103
Depreciation & asset impairment	18 833 179	(140 104)	18 693 076	17 689 077	(1 003 999)	17 032 144
Finance charges	3 802 278	1 673 819	5 476 097	5 645 685	169 588	5 397 454
Materials and bulk purchases	80 357 052	2 714 594	83 071 646	48 678 878	(34 392 768)	45 498 755
Contracted services	59 044 233	(50 801)	58 993 432	38 519 241	(20 474 191)	31 251 097
Transfers and grants	36 450	10 001	46 451	36 321	(10 130)	42 055
Other expenditure	36 682 404	4 347 162	41 029 566	40 422 278	(607 288)	41 709 956
Losses	2 000 000	-	2 000 000	1 859 417	(140 583)	1 150 258
<b>Total Expenditure</b>	<b>362 697 016</b>	<b>17 293 097</b>	<b>379 990 113</b>	<b>316 770 806</b>	<b>(63 219 307)</b>	<b>296 314 434</b>
<b>Surplus/(Deficit)</b>	<b>(37 124 538)</b>	<b>(7 436 202)</b>	<b>(44 560 741)</b>	<b>27 867 292</b>	<b>72 428 032</b>	<b>13 381 921</b>
Transfers recognised - capital	37 574 565	6 773 943	44 348 509	43 309 971	(1 038 538)	34 365 765
<b>Surplus/(Deficit) for the year</b>	<b>450 027</b>	<b>(662 259)</b>	<b>(212 232)</b>	<b>71 177 262</b>	<b>71 389 495</b>	<b>47 747 685</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 62 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	82 881 350	50 031 768	132 913 118	82 519 025	(50 394 094)	35 317 128
Transfers recognised - capital	37 574 565	6 773 943	44 348 509	43 309 971	(1 038 538)	29 883 274
Internally generated funds	45 306 785	43 257 825	88 564 610	39 209 054	(49 355 556)	5 433 854
<b>Total sources of capital funds</b>	82 881 350	50 031 768	132 913 118	82 519 025	(50 394 094)	35 317 128
<b>Cash flows</b>						
Net cash from (used) operating	20 876 898	5 303 652	26 180 550	91 701 189	65 520 639	75 988 326
Net cash from (used) investing	(82 881 350)	(49 931 768)	(132 813 118)	(81 961 633)	50 851 485	(35 317 128)
Net cash from (used) financing	(802 188)	(7 592)	(809 780)	(845 031)	(35 251)	(852 417)
Net Cash Movement for the year	(62 806 640)	(44 635 709)	(107 442 348)	8 894 525	116 336 874	39 818 781
Cash/cash equivalents at beginning of year	396 785 160	101 046 665	497 831 824	497 831 825	0	458 013 042
<b>Cash/cash equivalents at the year end</b>	<b>333 978 520</b>	<b>56 410 956</b>	<b>390 389 476</b>	<b>506 726 350</b>	<b>116 336 874</b>	<b>497 831 823</b>

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



# SENQU LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2024

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2023 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2024 R
<b><u>ANNUITY LOANS</u></b>						
DBSA loan	103126/1	Floating	2029	4 107 091	631 860	3 475 231
DBSA loan	103126/2	Fixed	2030	2 736 258	290 675	2 445 582
<b>Total Annuity Loans</b>				<b>6 843 349</b>	<b>922 535</b>	<b>5 920 813</b>
<b>Total Borrowings</b>				<b>6 843 349</b>	<b>922 535</b>	<b>5 920 813</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2024

	Cost/Revaluation					Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions (Includes WIP) R	Total Revaluation R	Disposals R	Closing Balance R	Opening Balance R	Additions R	(Disposals)/ Revaluation R	Closing Balance R	
Executive & Council	6 169 761	209 205	-	-	6 378 966	4 169 670	223 569	-	4 393 239	1 985 727
Planning & Development	4 267 432	-	-	(11 683)	4 255 749	3 600 564	118 796	(11 679)	3 707 681	548 068
Corporate Services	173 989 562	899 282	7 631 031	(215 120)	182 304 756	2 715 636	1 419 650	(307 541)	3 827 744	178 477 011
Budget & Treasury	23 425 318	1 775 114	-	(520 101)	24 680 332	18 010 969	1 467 310	(509 929)	18 968 350	5 711 981
Road Transport	331 230 524	45 488 418	-	-	376 718 942	143 776 638	8 012 258	-	151 788 896	224 930 046
Community & Social Services	67 690 133	3 834 778	1 863 181	(821 393)	72 566 699	8 978 271	1 785 566	(201 971)	10 561 865	62 004 833
Sport & Recreation	15 702 145	6 904 805	65 559	-	22 672 509	3 157 817	467 994	-	3 625 811	19 046 698
Public Safety	6 686 562	1 026 323	-	-	7 712 885	336 436	155 749	-	492 186	7 220 699
Electricity	43 715 627	991 166	-	(350 944)	44 355 848	14 026 357	1 628 717	(274 684)	15 380 390	28 975 459
Waste Management	71 142 261	21 389 934	-	(3 682)	92 528 513	8 983 479	1 642 085	(3 678)	10 621 886	81 906 626
<b>Total</b>	<b>744 019 325</b>	<b>82 519 025</b>	<b>9 559 771</b>	<b>(1 922 923)</b>	<b>834 175 198</b>	<b>207 755 837</b>	<b>16 921 694</b>	<b>(1 309 482)</b>	<b>223 368 049</b>	<b>610 807 149</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2024

VOTE	30 JUNE 2024			30 JUNE 2023		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive & Council	-	39 880 691	(39 880 691)	263 978	34 284 598	(34 020 620)
Planning & Development	8 180 425	21 935 751	(13 755 326)	6 953 238	21 238 611	(14 285 373)
Corporate Services	3 665 203	43 592 305	(39 927 101)	2 662 870	36 705 796	(34 042 926)
Budget & Treasury	252 154 115	42 996 098	209 158 016	230 070 610	41 292 817	188 777 794
Road Transport	48 328 168	31 170 719	17 157 449	39 091 295	30 999 496	8 091 799
Waste Water Management	-	3 913 647	(3 913 647)	-	7 353 654	(7 353 654)
Community & Social Services	1 599 022	19 546 264	(17 947 242)	1 569 222	19 143 989	(17 574 767)
Sport & Recreation	299	2 399 969	(2 399 670)	1 050	1 462 430	(1 461 380)
Public Safety	137 908	1 614 809	(1 476 902)	59 093	207 424	(148 331)
Electricity	59 499 918	69 043 658	(9 543 739)	50 113 489	66 635 390	(16 521 901)
Waste Management	14 383 010	40 676 895	(26 293 885)	13 277 274	36 990 230	(23 712 956)
<b>Total</b>	<b>387 948 069</b>	<b>316 770 806</b>	<b>71 177 262</b>	<b>344 062 119</b>	<b>296 314 434</b>	<b>47 747 685</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX D (UNAUDITED)

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2024

Refer to Note 48.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
<b>OPERATING EXPENDITURE</b>			
Executive & Council	39 880 691	46 999 457	(7 118 766)
Planning & Development	21 935 751	27 897 483	(5 961 732)
Corporate Services	43 592 305	48 622 014	(5 029 709)
Budget & Treasury	42 996 098	49 457 503	(6 461 404)
Road Transport	31 170 719	39 925 691	(8 754 972)
Waste Water Management	3 913 647	5 376 993	(1 463 346)
Community & Social Services	19 546 264	21 303 904	(1 757 640)
Sport & Recreation	2 399 969	2 759 987	(360 018)
Public Safety	1 614 809	1 890 061	(275 252)
Electricity	69 043 658	85 684 365	(16 640 707)
Waste Management	40 676 895	50 072 658	(9 395 763)
<b>Total</b>	<b>316 770 806</b>	<b>379 990 115</b>	<b>(63 219 309)</b>
<b>CAPITAL EXPENDITURE</b>			
Executive & Council	209 205	215 000	(5 795)
Corporate Services	899 282	5 470 000	(4 570 718)
Budget & Treasury	1 775 114	2 960 850	(1 185 736)
Road Transport	43 872 744	87 242 837	(43 370 094)
Waste Water Management	1 615 675	2 230 404	(614 730)
Community & Social Services	3 834 778	5 804 889	(1 970 111)
Sport & Recreation	6 904 805	4 854 874	2 049 931
Electricity	991 166	1 265 000	(273 834)
Waste Management	21 389 934	21 789 264	(399 330)
<b>Total</b>	<b>82 519 025</b>	<b>132 913 118</b>	<b>(50 394 094)</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX E (UNAUDITED)

### DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2024

	OPENING BALANCE (RESTATED)	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	FUNDS RETURNED TO NT	CLOSING BALANCE
	R	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>							
Equitable Share	-	186 760 000	-	186 760 000	-	-	-
Municipal Finance Management Grant	-	1 700 000	-	1 700 000	-	-	-
Municipal Infrastructure Grant	4 950 899	42 443 000	-	7 381 290	35 061 609	4 951 000	- *
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	1 194 000	-	1 194 000	-	-	-
<b>Total</b>	<b>6 960 955</b>	<b>232 097 000</b>	<b>-</b>	<b>197 035 290</b>	<b>35 061 609</b>	<b>4 951 000</b>	<b>2 010 056</b>
<b>PROVINCIAL GOVERNMENT</b>							
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	-	232 652
Herschel People's Housing Libraries	12 722 579	-	1 020 477	-	-	-	13 743 055
Greenest Municipality	-	1 500 000	-	1 500 000	-	-	-
Municipal Disaster Relief Grant	758 545	-	-	-	-	-	758 545
	6 400 000	14 266 000	-	1 237 254	8 248 362	-	11 180 383
<b>Total</b>	<b>20 113 776</b>	<b>15 766 000</b>	<b>1 020 477</b>	<b>2 737 254</b>	<b>8 248 362</b>	<b>-</b>	<b>25 914 636</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>27 074 731</b>	<b>247 863 000</b>	<b>1 020 477</b>	<b>199 772 544</b>	<b>43 309 971</b>	<b>4 951 000</b>	<b>27 924 692</b>

\* The Municipal Infrastructure Grant rollover application for R4 951 000 was declined by National Treasury.

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>161 187 766</b>	<b>9 239 128</b>	<b>170 426 894</b>	<b>255 814 309</b>	<b>85 387 415</b>	<b>232 997 458</b>
Executive and council	7 167 230	-	7 167 230	-	(7 167 230)	263 978
Finance and administration	154 020 536	9 239 128	163 259 664	255 814 309	92 554 646	232 733 480
<b>Community and public safety</b>	<b>5 277 957</b>	<b>17 124</b>	<b>5 295 081</b>	<b>1 755 320</b>	<b>(3 539 760)</b>	<b>1 627 931</b>
Community and social services	1 663 508	17 124	1 680 632	1 566 727	(113 905)	1 567 429
Sport and recreation	1 800	-	1 800	299	(1 501)	1 050
Public safety	3 612 648	-	3 612 648	188 294	(3 424 354)	59 452
<b>Economic and environmental services</b>	<b>48 336 306</b>	<b>7 768 234</b>	<b>56 104 541</b>	<b>56 471 928</b>	<b>367 388</b>	<b>45 477 730</b>
Planning and development	9 556 108	(398 744)	9 157 364	8 143 760	(1 013 604)	6 386 435
Road transport	38 780 198	8 166 978	46 947 176	48 328 168	1 380 992	39 091 295
<b>Trading services</b>	<b>148 013 616</b>	<b>(107 647)</b>	<b>147 905 969</b>	<b>73 832 542</b>	<b>(74 073 427)</b>	<b>63 390 403</b>
Energy sources	98 670 762	(1 974 184)	96 696 578	59 499 918	(37 196 660)	50 113 489
Waste management	49 342 854	1 866 537	51 209 391	14 332 623	(36 876 768)	13 276 914
<b>Other</b>	<b>331 398</b>	<b>(286 000)</b>	<b>45 398</b>	<b>73 969</b>	<b>28 571</b>	<b>568 597</b>
<b>Total Revenue - Standard</b>	<b>363 147 043</b>	<b>16 630 839</b>	<b>379 777 882</b>	<b>387 948 069</b>	<b>8 170 186</b>	<b>344 062 119</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>136 516 827</b>	<b>8 539 284</b>	<b>145 056 111</b>	<b>127 597 735</b>	<b>(17 458 375)</b>	<b>113 005 030</b>
Executive and council	35 985 225	2 148 138	38 133 363	36 279 203	(1 854 160)	31 053 113
Finance and administration	97 009 097	6 132 562	103 141 659	87 717 044	(15 424 615)	78 720 432
Internal audit	3 522 504	258 585	3 781 089	3 601 488	(179 601)	3 231 485
<b>Community and public safety</b>	<b>28 870 172</b>	<b>1 690 472</b>	<b>30 560 644</b>	<b>22 625 698</b>	<b>(7 934 946)</b>	<b>20 265 262</b>
Community and social services	18 976 993	1 060 786	20 037 779	18 610 920	(1 426 860)	18 595 408
Sport and recreation	1 651 557	1 108 431	2 759 987	2 399 969	(360 018)	1 462 430
Public safety	8 241 622	(478 745)	7 762 877	1 614 809	(6 148 068)	207 424
<b>Economic and environmental services</b>	<b>57 951 809</b>	<b>3 115 171</b>	<b>61 066 980</b>	<b>51 269 451</b>	<b>(9 797 529)</b>	<b>50 058 229</b>
Planning and development	25 727 112	1 231 700	26 958 812	20 015 330	(6 943 482)	19 005 569
Road transport	32 039 861	2 013 014	34 052 875	31 170 719	(2 882 156)	30 999 496
Environmental protection	184 836	(129 544)	55 293	83 401	28 108	53 165
<b>Trading services</b>	<b>137 710 193</b>	<b>3 423 823</b>	<b>141 134 016</b>	<b>113 634 200</b>	<b>(27 499 816)</b>	<b>110 979 274</b>
Energy sources	88 735 197	(3 050 832)	85 684 365	69 043 658	(16 640 707)	66 635 390
Waste water management	8 319 232	(2 942 239)	5 376 993	3 913 647	(1 463 346)	7 353 654
Waste management	40 655 764	9 416 894	50 072 658	40 676 895	(9 395 763)	36 990 230
<b>Other</b>	<b>1 648 017</b>	<b>524 349</b>	<b>2 172 365</b>	<b>1 643 722</b>	<b>(528 643)</b>	<b>2 006 639</b>
<b>Total Expenditure - Standard</b>	<b>362 697 016</b>	<b>17 293 099</b>	<b>379 990 115</b>	<b>316 770 806</b>	<b>(63 219 309)</b>	<b>296 314 434</b>
<b>Surplus/(Deficit) for the year</b>	<b>450 027</b>	<b>(662 260)</b>	<b>(212 233)</b>	<b>71 177 262</b>	<b>71 389 495</b>	<b>47 747 685</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>REVENUE</b>						
Executive & Council	7 167 230	-	7 167 230	-	(7 167 230)	263 978
Planning & Development	9 874 217	(688 744)	9 185 473	8 180 425	(1 005 048)	6 953 238
Corporate Services	1 873 989	(110 311)	1 763 677	3 665 203	1 901 526	2 662 870
Budget & Treasury	152 158 438	9 349 439	161 507 878	252 154 115	90 646 237	230 070 610
Road Transport	42 309 416	8 091 981	50 401 396	48 328 168	(2 073 228)	39 091 295
Community & Social Services	1 664 906	21 124	1 686 030	1 599 022	(87 008)	1 569 222
Sport & Recreation	1 800	-	1 800	299	(1 501)	1 050
Public Safety	83 431	75 001	158 432	137 908	(20 524)	59 093
Electricity	98 670 762	(1 974 184)	96 696 578	59 499 918	(37 196 660)	50 113 489
Waste Management	49 342 854	1 866 537	51 209 391	14 383 010	(36 826 381)	13 277 274
<b>Total Revenue by Vote</b>	<b>363 147 043</b>	<b>16 630 843</b>	<b>379 777 886</b>	<b>387 948 069</b>	<b>8 170 183</b>	<b>344 062 119</b>



# SENQU LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>EXPENDITURE</b>						
Executive & Council	44 364 820	2 634 637	46 999 457	39 880 691	(7 118 766)	34 284 598
Planning & Development	26 599 059	1 298 424	27 897 483	21 935 751	(5 961 732)	21 238 611
Corporate Services	45 278 198	3 343 816	48 622 014	43 592 305	(5 029 709)	36 705 796
Budget & Treasury	46 910 846	2 546 657	49 457 503	42 996 098	(6 461 404)	41 292 817
Road Transport	39 201 711	723 980	39 925 691	31 170 719	(8 754 972)	30 999 496
Waste Water Management	8 319 232	(2 942 239)	5 376 993	3 913 647	(1 463 346)	7 353 654
Community & Social Services	19 900 862	1 403 042	21 303 904	19 546 264	(1 757 640)	19 143 989
Sport & Recreation	1 651 557	1 108 431	2 759 987	2 399 969	(360 018)	1 462 430
Public Safety	1 079 772	810 289	1 890 061	1 614 809	(275 252)	207 424
Electricity	88 735 197	(3 050 832)	85 684 365	69 043 658	(16 640 707)	66 635 390
Waste Management	40 655 764	9 416 894	50 072 658	40 676 895	(9 395 763)	36 990 230
<b>Total Expenditure by Vote</b>	<b>362 697 016</b>	<b>17 293 099</b>	<b>379 990 115</b>	<b>316 770 806</b>	<b>(63 219 309)</b>	<b>296 314 434</b>
<b>Surplus/(Deficit) for the year</b>	<b>450 027</b>	<b>(662 256)</b>	<b>(212 229)</b>	<b>71 177 262</b>	<b>71 389 492</b>	<b>47 747 685</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>REVENUE BY SOURCE</b>						
<b>Exchange Revenue</b>						
Service charges	71 789 271	(1 974 184)	69 815 087	65 477 077	(4 338 010)	53 643 060
Sale of Goods and Rendering of Services	127 646	149 108	276 755	403 874	127 119	110 377
Agency services	1 539 889	(74 999)	1 464 890	1 046 830	(418 060)	1 204 135
Interest earned from Receivables	4 419 292	1 022 306	5 441 598	5 815 409	373 811	4 751 626
Interest earned from Current and Non Current Ass	23 819 430	9 347 751	33 167 182	43 067 757	9 900 575	32 208 528
Rent on Land	2 530	-	2 530	-	(2 530)	-
Rental from Fixed Assets	1 777 875	(110 309)	1 667 566	1 813 788	146 222	1 475 736
Licence and permits	1 432 609	4 000	1 436 609	1 225 974	(210 635)	1 300 733
Operational Revenue	766 518	-	766 518	551 150	(215 368)	549 287
<b>Non-Exchange Revenue</b>	-	-	-			
Property rates	17 048 155	-	17 048 155	18 603 345	1 555 190	17 330 716
Fines, penalties and forfeits	74 098	515 000	589 098	928 740	339 642	915 394
Transfer and subsidies - Operational	200 984 435	878 222	201 862 657	199 772 545	(2 090 113)	188 851 545
Interest	1 790 728	-	1 790 728	2 000 203	209 474	1 720 263
Gains	-	100 000	100 000	3 931 406	3 831 406	5 634 954
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>325 572 478</b>	<b>9 856 895</b>	<b>335 429 373</b>	<b>344 638 098</b>	<b>9 208 725</b>	<b>309 696 355</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	130 324 351	9 194 510	139 518 861	132 545 352	(6 973 508)	124 615 650
Remuneration of councillors	17 054 665	(3 115 246)	13 939 419	13 910 269	(29 150)	12 975 962
Bulk purchases - electricity	61 537 072	-	61 537 072	48 678 878	(12 858 194)	45 498 755
Inventory consumed	18 819 980	2 714 594	21 534 574	-	(21 534 574)	-
Debt impairment	14 562 404	2 659 162	17 221 566	17 464 288	242 722	16 641 103
Depreciation and amortisation	18 833 179	(140 104)	18 693 076	17 689 077	(1 003 999)	17 032 144
Interest	3 802 278	1 673 819	5 476 097	5 645 685	169 588	5 397 454
Contracted services	59 044 233	(50 801)	58 993 432	38 519 241	(20 474 191)	31 251 097
Transfers and subsidies	36 450	10 001	46 451	36 321	(10 130)	42 055
Operational costs	36 682 404	4 347 162	41 029 566	40 422 278	(607 288)	41 709 956
Losses on disposal of Assets	2 000 000	-	2 000 000	705 871	(1 294 129)	833 099
Other Losses	-	-	-	1 153 546	1 153 546	317 159
<b>Total Expenditure</b>	<b>362 697 016</b>	<b>17 293 097</b>	<b>379 990 113</b>	<b>316 770 806</b>	<b>(63 219 307)</b>	<b>296 314 434</b>
<b>Surplus/(Deficit)</b>	<b>(37 124 538)</b>	<b>(7 436 202)</b>	<b>(44 560 741)</b>	<b>27 867 292</b>	<b>72 428 032</b>	<b>13 381 921</b>
Transfers and subsidies - capital (monetary allocations)	37 574 565	6 773 943	44 348 509	43 309 971	(1 038 538)	34 365 765
<b>Surplus/(Deficit) for the year</b>	<b>450 027</b>	<b>(662 259)</b>	<b>(212 232)</b>	<b>71 177 262</b>	<b>71 389 495</b>	<b>47 747 685</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Corporate Services	-	-	-	-	-	-
Road Transport	30 000 000	10 522 620	40 522 620	30 309 474	(10 213 146)	10 649 082
Waste water management	7 200 000	(4 969 596)	2 230 404	1 615 675	(614 730)	770 989
Community & Social Services	9 340 000	(3 535 111)	5 804 889	3 834 778	(1 970 111)	9 031 589
Sport & Recreation	-	4 854 874	4 854 874	6 904 805	2 049 931	310 448
Public safety	1 080 000	-	1 080 000	1 026 323	(53 677)	196 605
Waste Management	5 400 000	(944 237)	4 455 763	4 075 998	(379 765)	11 226 086
<b>Total Multi-year expenditure</b>	<b>53 020 000</b>	<b>5 928 550</b>	<b>58 948 550</b>	<b>47 767 053</b>	<b>(11 181 497)</b>	<b>32 184 800</b>
<b>Single-year expenditure</b>						
Executive & Council	2 605 000	(2 390 000)	215 000	209 205	(5 795)	775 813
Corporate Services	11 580 500	(6 110 500)	5 470 000	899 282	(4 570 718)	1 033 879
Budget & Treasury	1 560 850	1 400 000	2 960 850	1 775 114	(1 185 736)	1 045 070
Road Transport	380 000	46 340 217	46 720 217	13 563 270	(33 156 948)	-
Community & Social Services	100 000	(100 000)	-	-	-	-
Public safety	400 000	(400 000)	-	-	-	-
Electricity	1 865 000	(600 000)	1 265 000	991 166	(273 834)	130 321
Waste Management	11 370 000	5 963 501	17 333 501	17 313 935	(19 565)	147 243
<b>Total Single-year expenditure</b>	<b>29 861 350</b>	<b>44 103 218</b>	<b>73 964 568</b>	<b>34 751 972</b>	<b>(39 212 596)</b>	<b>3 132 327</b>
<b>Total Capital Expenditure by Vote</b>	<b>82 881 350</b>	<b>50 031 768</b>	<b>132 913 118</b>	<b>82 519 025</b>	<b>(50 394 094)</b>	<b>35 317 127</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>	<b>15 746 350</b>	<b>(7 100 500)</b>	<b>8 645 850</b>	<b>2 883 601</b>	<b>(5 762 249)</b>	<b>2 854 762</b>
Executive and council	535 000	(320 000)	215 000	209 205	(5 795)	775 813
Finance and administration	13 861 350	(5 430 500)	8 430 850	2 674 396	(5 756 454)	2 078 949
Internal audit	1 350 000	(1 350 000)	-	-	-	-
<b>Community and public safety</b>	<b>20 470 000</b>	<b>11 045 265</b>	<b>31 515 265</b>	<b>11 765 906</b>	<b>(19 749 360)</b>	<b>9 538 642</b>
Community and social services	9 340 000	(3 535 111)	5 804 889	3 834 778	(1 970 111)	9 031 589
Sport and recreation	-	4 854 874	4 854 874	6 904 805	2 049 931	310 448
Public safety	11 130 000	9 725 502	20 855 502	1 026 323	(19 829 179)	196 605
<b>Economic and environmental services</b>	<b>20 730 000</b>	<b>46 737 335</b>	<b>67 467 335</b>	<b>43 872 744</b>	<b>(23 594 591)</b>	<b>10 649 082</b>
Road transport	20 730 000	46 737 335	67 467 335	43 872 744	(23 594 591)	10 649 082
<b>Trading services</b>	<b>25 835 000</b>	<b>(550 332)</b>	<b>25 284 668</b>	<b>23 996 774</b>	<b>(1 287 894)</b>	<b>12 274 640</b>
Energy sources	1 865 000	(600 000)	1 265 000	991 166	(273 834)	130 321
Waste water management	7 200 000	(4 969 596)	2 230 404	1 615 675	(614 730)	770 989
Waste management	16 770 000	5 019 264	21 789 264	21 389 934	(399 330)	11 373 329
<b>Other</b>	<b>100 000</b>	<b>(100 000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>82 881 350</b>	<b>50 031 768</b>	<b>132 913 118</b>	<b>82 519 025</b>	<b>(50 394 094)</b>	<b>35 317 127</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	37 574 565	(2 512 957)	35 061 608	35 061 609	0	29 883 274
Provincial Government	-	9 286 899	9 286 899	8 248 362	(1 038 537)	-
<b>Transfers recognised - capital</b>	<b>37 574 565</b>	<b>6 773 942</b>	<b>44 348 508</b>	<b>43 309 971</b>	<b>(1 038 537)</b>	<b>29 883 274</b>
Internally generated funds	45 306 785	43 257 825	88 564 610	39 209 054	(49 355 556)	5 433 853
<b>Total Capital Funding</b>	<b>82 881 350</b>	<b>50 031 767</b>	<b>132 913 117</b>	<b>82 519 025</b>	<b>(50 394 093)</b>	<b>35 317 127</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### CASH FLOWS

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATE OUTCOME 2023 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	13 028 581	2 756 720	15 785 301	16 011 309	226 007	13 342 325
Service charges	54 862 964	6 593 362	61 456 326	49 800 546	(11 655 781)	48 290 229
Other revenue	5 301 983	603 296	5 905 278	3 550 108	(2 355 170)	5 605 946
Government - operating	199 394 435	1 001 739	200 396 174	200 396 174	-	184 102 250
Government - capital	37 574 565	9 892 261	47 466 826	42 515 826	(4 951 000)	41 915 750
Interest	30 029 451	3 137 731	33 167 182	44 088 233	10 921 052	32 980 402
<b>Payments</b>						
Suppliers and employees	(315 476 352)	(16 997 638)	(332 473 989)	(264 025 117)	68 448 872	(249 596 460)
Finance charges	(3 802 278)	(1 673 819)	(5 476 097)	(599 568)	4 876 529	(610 062)
Transfers and Grants	(36 450)	(10 001)	(46 451)	(36 321)	10 130	(42 055)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20 876 898</b>	<b>5 303 652</b>	<b>26 180 550</b>	<b>91 701 189</b>	<b>65 520 639</b>	<b>75 988 326</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	100 000	100 000	557 391	457 391	-
<b>Payments</b>						
Capital assets	(82 881 350)	(50 031 768)	(132 913 118)	(82 519 025)	50 394 094	(35 317 128)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(82 881 350)</b>	<b>(49 931 768)</b>	<b>(132 813 118)</b>	<b>(81 961 633)</b>	<b>50 851 485</b>	<b>(35 317 128)</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

#### CASH FLOWS

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Increase (decrease) in consumer deposits	120 917	(7 835)	113 082	64 015	(49 067)	64 090
<b>Payments</b>						
Repayment of borrowing	(923 106)	244	(922 862)	(909 046)	13 816	(916 507)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(802 188)	(7 592)	(809 780)	(845 031)	(35 251)	(852 417)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(62 806 640)	(44 635 709)	(107 442 348)	8 894 525	116 336 874	39 818 781
Cash/cash equivalents at the year begin:	396 785 160	101 046 665	497 831 824	497 831 825	0	458 013 042
Cash/cash equivalents at the year end:	333 978 520	56 410 956	390 389 476	506 726 349	116 336 873	497 831 825