

EDEN DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2015

EDEN DISTRICT MUNICIPALITY

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EDEN DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

GENERAL INFORMATION

NATURE OF BUSINESS

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

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Eden District Municipality includes the following municipalities:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

ACCOUNTING OFFICER

Mr. G.W. Louw

CHIEF FINANCIAL OFFICER

Miss. L. Hoek

REGISTERED OFFICE

54 York Street, George, 6530

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

Standard Bank, George

RELEVANT LEGISLATION

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

EDEN DISTRICT MUNICIPALITY

MEMBERS OF THE EDEN DISTRICT MUNICIPALITY

COUNCILLORS

Proportional		<i>Ms. NA Bityi</i>
Proportional		<i>Mr. CN Ngalo</i>
Proportional		<i>Mr. V Waxa</i>
Proportional		<i>Ms. NM Tanda</i>
Proportional		<i>Ms. D Xego</i>
Proportional		<i>Ms. M Fielies</i>
Proportional		<i>Mr. HJ McCombi</i>
Proportional		<i>Mr. JJA Koeglenberg</i>
Proportional		<i>Mr. HJ Floors</i>
Proportional		<i>Mr. T Simmers</i>
Proportional		<i>Ms. SF May</i>
Proportional		<i>Ms. NP Mkalipi (Ngemntu)</i>
Proportional		<i>Ms. CM Skietekat</i>
Proportional		<i>Mr. JG Janse van Rensburg</i>
Proportional		<i>Mr. D Kamfer</i>
Representative:	George Municipality	<i>J du Toit</i>
Representative:	George Municipality	<i>T Teyisi</i>
Representative:	George Municipality	<i>PJ van der Hoven</i>
Representative:	George Municipality	<i>LBC Esau</i>
Representative:	George Municipality	<i>GC Niehaus</i>
Representative:	George Municipality	<i>LN Qupe</i>
Representative:	Mossel Bay Municipality	<i>JJ Gerber</i>
Representative:	Mossel Bay Municipality	<i>NC Booisen</i>
Representative:	Mossel Bay Municipality	<i>D van Rensburg</i>
Representative:	Mossel Bay Municipality	<i>SS Mbandezi</i>
Representative:	Oudtshoorn Municipality	<i>M Wagenaar</i>
Representative:	Oudtshoorn Municipality	<i>J Maxim</i>
Representative:	Oudtshoorn Municipality	<i>VI van der Westhuizen</i>
Representative:	Knysna Municipality	<i>S F de Vries</i>
Representative:	Knysna Municipality	<i>D Nayler</i>
Representative:	Hessequa Municipality	<i>R Johannes</i>
Representative:	Hessequa Municipality	<i>D Abrahams</i>
Representative:	Bitou Municipality	<i>MM Mbali</i>
Representative:	Bitou Municipality	<i>N Ndayi</i>
Representative:	Kannaland Municipality	<i>WP Meshoa</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 86 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and is satisfied that the Municipality can continue in operational existence for the foreseeable future. In view of the insufficient equitable share allocation, which will not sustain the operations of the municipality in the future, a Turn Around Strategy was adopted by Council on 30 May 2013, and will be implemented during 2013/2014 financial year. A long term financial plan has been compiled by INCA and the recommendations will be implemented in 2014/2015 where applicable.

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

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



Mr. G.W. Louw
Accounting Officer

26 NOVEMBER 2015

Date

EDEN DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

NET ASSETS AND LIABILITIES		2015 R (Actual)	2014 R (Restated)
	Note		
Net assets		235 302 778	455 344 683
Capital replacement reserve	2	21 370 360	18 068 623
Accumulated Surplus/(Deficit)	2	213 932 418	437 276 060
Non-current liabilities		128 895 484	114 973 730
Long Term liabilities	3	-	704 932
Employee Benefits	4	125 778 452	111 132 402
Provisions	5	3 117 032	3 136 396
Current liabilities		56 939 347	51 410 722
Employee Benefits	6	20 428 068	19 137 828
Provisions	7	2 312 451	2 623 859
Payables - Exchange Transactions	8	22 037 347	19 550 216
Unspent conditional grants and receipts	9	11 458 072	8 176 225
Operating Lease Liability	19	21 616	18 142
Long Term liabilities	3	681 794	1 904 452
Total Net Assets and Liabilities		421 137 610	621 729 135
ASSETS			
Non-current assets		282 785 642	516 362 464
Property, plant & equipment	11	141 576 081	294 474 027
Investment Property	12	85 760 987	171 532 999
Intangible Assets	13	2 301 474	2 827 207
Investments	14	26 027	40 774
Employee Benefits	4	53 121 073	47 487 458
Current assets		138 351 967	105 366 670
Inventory	16	3 500 044	4 645 034
Trade receivables - Exchange transactions	17	15 571 297	14 145 662
Other receivables - Non exchange transactions	18	2 430 583	2 566 737
Operating Lease Asset	19	80 500	29 270
VAT Receivable	10	2 369 457	1 831 524
Unpaid conditional grants and receipts	9	560 584	-
Employee Benefits	4	2 756 775	2 404 270
Cash and Cash Equivalents	20	111 082 727	79 744 174
Total Assets		421 137 610	621 729 135

EDEN DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 (Actual) R	2014 (Restated) R	Correction of error R	2014 (Previously reported) R
REVENUE				
	Total			Total
Revenue from Non-Exchange Transactions	167 753 179	145 735 859	-	145 735 859
Transfer Revenue	167 753 179	145 732 716	-	145 732 716
Regional Services Levies Equitable Share	21 134 097 000	129 669 000	-	129 669 000
Government grants and subsidies	21 33 656 179	16 063 716	-	16 063 716
Other Revenue	-	3 143	-	3 143
Unamortised Discount	-	3 143	-	3 143
Revenue from Exchange Transactions	158 607 555	160 517 099	(310 161)	160 827 259
Actuarial Gain from Ex-Gratia Pensions	35.0 138 714	373 177	-	373 177
Administration Fee: Work for Water	-	679 444	-	679 444
Contribution Shop Steward	761 433	1 001 046	-	1 001 046
Department of Transport - Roads Service Charges	22 135 416 124	137 712 907	-	137 712 906
Decrease in provision for Impairment of Trade Receivables	17&18 2 069 744	-	-	-
Decrease in provision for Alien Vegetation	5 330 772	-	-	-
Gains on disposal of property, plant and equipment	50 026	-	-	-
Interest earned - external investments	20 7 381 072	4 690 695	7 000	4 683 695
Interest earned - outstanding debtors	771 868	-	-	-
Licenses and permits	166 561	189 121	-	189 121
Other income	23 10 643 525	13 031 363	-	13 031 363
Over provision - Shortfall on Cape Pension Fund	-	2 303 549	-	2 303 549
Rental of facilities and equipment	877 715	535 797	(317 161)	852 958
Total Revenue	326 360 734	306 252 958	(310 161)	306 563 118
EXPENDITURE				
Employee related costs	24 98 094 520	92 303 155	(258 954)	92 562 110
Employee related costs - Roads	25 57 433 427	55 224 672	-	55 224 672
Remuneration of Councillors	26 7 524 590	7 027 896	-	7 027 896
Fruitless and Wasteful expenditure	40.2 599 540	-	-	-
Impairment of Trade Receivables	17&18 -	1 247 900	(1 194 903)	2 442 803
Actuarial Loss	35.0 5 157 541	1 900 945	-	1 900 945
Impairment Losses	34 244 290 042	23 644	-	23 644
Increase in Provision for Alien Vegetation	5 -	274 353	-	274 353
Depreciation	27 2 684 491	4 133 225	31 672	4 101 546
Amortisation	13 596 904	734 341	5 268	729 080
Repairs and maintenance	28 3 396 598	3 560 817	(18 129)	3 578 946
Finance Charges	29 235 261	692 357	(12 100)	704 457
Contracted services	30 12 372 352	13 731 619	(76 307)	13 807 925
Roads - Operating Expenditure	31 64 197 097	69 853 879	-	69 853 878
Stock Losses	16 23 114	5 231	-	5 231
Unamortised Discount - Interest	3 51 615	78 066	-	78 066
Loss on disposal of property, plant and equipment	11 465 961	31 733 283	(35 936)	31 769 219
Loss on disposal of stock	25 518	-	-	-
General Expenses	32 49 254 070	29 759 936	(67 988)	29 827 924
Total Expenditure	546 402 641	312 285 319	(1 627 377)	313 912 695
SUPRLUS / (DEFICIT) FOR THE YEAR	(220 041 905)	(6 032 359)	1 317 216	(7 349 577)

Refer to the Statements of Comparison of budget and actual amounts for explanation of variances

EDEN DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2015

	<u>Capital Replacement Reserve</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
	R	R	R
2014			
Balance at 1 July 2013	7 390 546	453 251 868	460 642 414
Correction of error (Note 33)		734 628	734 628
Changes in accounting policy	-	-	-
Restated Balance	7 390 546	453 986 496	461 377 042
Surplus/(deficit) for the year		(6 032 359)	-6 032 359
Transfers from Accumulated Surplus	10 678 077	(10 678 077)	
Balance at 30 June 2014	18 068 623	437 276 060	455 344 683
Surplus/(deficit) for the year		(220 041 905)	-220 041 905
Purchases of Property, Plant and Equipment	(8 699 079)	8 699 079	-
Contribution to Capital Replacement Reserve	12 000 816	(12 000 816)	-
Depreciation and amortisation transferred	3 281 395		
Purchases of Property, Plant and Equipment from own funds	8 699 079		
Car ports	20 342		
Balance at 30 June 2015	21 370 360	213 932 418	235 302 778

EDEN DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Other receipts		154 679 054	144 829 159
Government - operating		167 610 552	145 540 605
Government - capital		142 627	192 114
Interest		8 152 940	4 690 695
Payments			
Suppliers and employees		(282 269 100)	(279 766 660)
Finance charges	29	(235 261)	(692 357)
Cash generated/(absorbed) by operations	36	<u>48 080 815</u>	<u>14 793 554</u>
NET CASH FROM OPERATING ACTIVITIES		<u><u>48 080 815</u></u>	<u><u>14 793 554</u></u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(8 767 294)	(999 416)
Proceeds on disposal of property, plant and equipment		50 026	(0)
Additions to Investment Properties		-	-
Decrease / (Increase) in intangible assets	13	(74 414)	(225 272)
Decrease / (Increase) in non-current employee benefits receivables		(5 986 120)	(5 095 608)
Decrease / (Increase) in non-current investments		14 747	-
Decrease / (Increase) in Discontinued Operations		-	-
Decrease in call investment deposits		-	-
NET CASH FROM INVESTING ACTIVITIES		<u><u>(14 763 056)</u></u>	<u><u>(6 320 296)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Long term liabilities		(1 979 204)	(1 713 558)
NET CASH FROM FINANCING ACTIVITIES		<u><u>(1 979 204)</u></u>	<u><u>(1 713 558)</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u><u>31 338 553</u></u>	<u><u>6 759 700</u></u>
Cash and cash equivalents at the beginning of the year		<u>79 744 174</u>	<u>72 984 474</u>
Cash and cash equivalent at the end of the year	37	<u>111 082 727</u>	<u>79 744 174</u>

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	Explanations for material variances
	(Actual)	(Final Budget)	(Variance)	
ASSETS				
Current assets				
Cash	110 948 510	95 686 000	15 262 510	Underspending on expenditure budget.
Call investment deposits	134 217	-	134 217	
Consumer debtors	2 177 529	6 758 000	(4 580 471)	Amount written of R1 224 896 and less income than budgeted for
Other Receivables	18 834 892	4 402 000	14 432 892	Roads Grant outstanding for June 2015 amounts to R9 717 250 and Councillor provision for bad debts reversed R2 964 552. Increase in VAT receivables and unpaid conditional grants
Current portion of long-term receivables	2 756 775	2 534 000	222 775	
Inventory	3 500 044	4 005 000	(504 956)	Lower level of stock on hand
Total current assets	138 351 967	113 385 000	24 966 967	
Non current assets				
Long-term receivables	53 121 073	37 190 000	15 931 073	Change due to actuarial calculations
Investments	26 027	-	26 027	
Investment property	85 760 987	345 577 000	(259 816 013)	R86 million impairment due to revaluation on properties not included in budget and class transfers between PPE and Investment Property
Property, plant and equipment	141 576 081	146 406 000	(4 829 919)	R158 million impairment due to revaluation on properties, not included in budget and class transfers between PPE and Investment Property
Intangible Assets	2 301 474	3 068 000	(766 526)	Restated amortisation for the year
Heritage Assets	-	41 000	(41 000)	
Total non current assets	282 785 642	532 282 000	(249 496 358)	
TOTAL ASSETS	421 137 609	645 667 000	(224 529 391)	
LIABILITIES				
Current liabilities				
Borrowing	681 794	700 000	(18 206)	Increase unspent conditional grants
Trade and other payables	33 517 035	44 745 000	(11 227 965)	
Provisions and Employee Benefits	22 740 518	22 087 000	653 518	Change due to actuarial calculation
Total current liabilities	56 939 347	67 532 000	(10 592 653)	
Non current liabilities				
Borrowing	-	2 156 000	(2 156 000)	Only short term portion left
Provisions and Employee Benefits	128 895 484	115 415 000	13 480 484	Change due to actuarial calculation
Total non current liabilities	128 895 484	117 571 000	11 324 484	
TOTAL LIABILITIES	185 834 832	185 103 000	731 832	
NET ASSETS	235 302 777	460 564 000	(225 261 223)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	213 932 418	458 916 000	(244 983 582)	
Reserves	21 370 360	1 648 000	19 722 360	
TOTAL COMMUNITY WEALTH/EQUITY	235 302 778	460 564 000	(225 261 222)	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	95 686 000	-	95 686 000	
Call investment deposits		-		
Consumer debtors	6 758 000	-	6 758 000	
Other Receivables	4 402 000	-	4 402 000	
Current portion of long-term receivables	2 534 000	-	2 534 000	
Inventory	4 005 000	-	4 005 000	
Total current assets	113 385 000	-	113 385 000	
Non current assets				
Long-term receivables	37 190 000	-	37 190 000	
Investments		-		
Investment property	345 577 000	-	345 577 000	
Property, plant and equipment	146 406 000	-	146 406 000	
Intangible Assets	3 068 000	-	3 068 000	
Other Non-Current Assets	41 000	-	41 000	
Total non current assets	532 282 000	-	532 282 000	
TOTAL ASSETS	645 667 000	-	645 667 000	
LIABILITIES				
Current liabilities				
Bank overdraft		-		
Borrowing	700 000	-	700 000	
Trade and other payables	44 745 000	-	44 745 000	
Provisions and Employee Benefits	22 087 000	-	22 087 000	
Total current liabilities	67 532 000	-	67 532 000	
Non current liabilities				
Borrowing	2 156 000	-	2 156 000	
Provisions and Employee Benefits	115 415 000	-	115 415 000	
Total non current liabilities	117 571 000	-	117 571 000	
TOTAL LIABILITIES	185 103 000	-	185 103 000	
NET ASSETS	460 564 000	-	460 564 000	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	458 916 000	-	458 916 000	
Reserves	1 648 000	-	1 648 000	
TOTAL COMMUNITY WEALTH/EQUITY	460 564 000	-	460 564 000	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual Amounts)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Rental of facilities and equipment	877 715	2 356 866	(1 479 151)	Adjustments made to rentals
Interest earned - external investments	7 381 072	4 750 000	2 631 072	Excess funds invested to generate maximum interest
Interest earned - outstanding debtors	771 868	-	771 868	Interest on outstanding debtors budget was included under interest earned investments.
Licences and permits	166 561	-	166 561	Permits/Licences issued by the air quality/EHP sections this year
Agency services	-	13 777 323	(13 777 323)	Admin fee received for the Roads agency function, at year end this revenue is consolidated
Government Grants and Subsidies - Equitable Share	134 097 000	-	134 097 000	Budget included under operating grants and subsidies
Government Grants and Subsidies - Operating	33 656 179	168 993 000	(135 336 821)	Equitable share included in the budget
Other revenue	149 360 313	139 307 218	10 053 095	Increase in allocation received from Department of transport for the Roads agency.
Gains on disposal of PPE	50 026	-	50 026	
Operating Revenue	326 360 734	329 184 407	(2 823 673)	
EXPENDITURE BY TYPE				
Employee related costs	95 905 961	154 233 026	(58 327 065)	Budget amount submitted include R59 917 600 in respect of roads.
Employee related costs - Department of Transport	57 433 427	-	57 433 427	Savings due to vacancies not filled
Remuneration of councillors	7 524 590	7 723 441	(198 851)	
Debt impairment	-	1 800 000	(1 800 000)	Decrease in provision for bad debts due to adjustment in calculation for councillor accounts
Depreciation & asset impairment	247 571 437	6 800 000	240 771 437	R244m impairment due to revaluation on properties, not included in budget
Finance charges	235 261	830 000	(594 739)	Long term liabilities almost redeemed at year end
Other materials	3 396 598	-	3 396 598	Budget amount included in other expenditure
Contracted services	7 288 458	8 414 182	(1 125 724)	Decrease in use of service providers
Grants and subsidies paid	32 879 508	34 895 559	(2 016 051)	Disaster Recovery Grant of ± R2m unspent at year end
Other expenditure	93 701 441	110 870 158	(17 168 717)	General savings
Loss on disposal of PPE	465 961	-	465 961	Not budget for
Operating Expenditure	546 402 642	325 566 366	220 836 276	
Surplus/(Deficit) for the year	(220 041 908)	3 618 041	(223 659 949)	
Government Grants and Subsidies - Capital	-	-	-	
Surplus/(Deficit) for the year	(220 041 908)	3 618 041	(223 659 949)	

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

ADJUSTMENTS TO APPROVED BUDGET

VIEW BY SOURCE	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
Rental of facilities and equipment	2 356 866	-	2 356 866	
Interest earned - external investments	4 500 000	250 000	4 750 000	Adjustment due to additional interest earned on excess funds
Interest earned - outstanding debtors	-	-	-	
Agency services	12 670 924	1 106 399	13 777 323	Additional allocation received from Department of Transport for roads agency fee
Government Grants and Subsidies - Equitable Share	-	-	-	
Government Grants and Subsidies - Operating	170 060 000	(1 067 000)	168 993 000	
Other revenue	119 229 000	20 078 218	139 307 218	Additional allocation received for roads agency fee, increase in subsidy
Gains on disposal of PPE	-	-	-	
Operating Revenue	308 816 790	20 367 617	329 184 407	
EXPENDITURE BY TYPE				
Employee related costs	155 035 000	(801 974)	154 233 026	Adjustments due to vacancies not filled
Employee related costs - Department of Transport	-	-	-	
Remuneration of councillors	7 705 275	18 166	7 723 441	
Debt impairment	800 000	1 000 000	1 800 000	Figures were adjusted to be aligned with the audited figures for 2013/2014
Depreciation & asset impairment	8 322 000	(1 522 000)	6 800 000	Figures were adjusted to be aligned with the audited figures for 2013/2014
Finance charges	530 000	300 000	830 000	Figures were adjusted to be aligned with the audited figures for 2013/2014
Contracted services	9 975 302	(1 561 120)	8 414 182	Decrease due to service providers utilized less during the year
Grants and subsidies paid	35 963 000	(1 067 441)	34 895 559	
Other expenditure	87 982 000	22 888 158	110 870 158	Provisions e.g actuarial losses adjusted to be aligned with the audited figures for 2013/2014.
Loss on disposal of PPE	-	-	-	
Operating Expenditure	306 312 577	19 253 789	325 566 366	
Operating Deficit for the year	2 504 213	1 113 828	3 618 041	
Government Grants and Subsidies - Capital	-	-	-	
Surplus for the year	2 504 213	1 113 828	3 618 041	

**EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Other receipts	154 679 054	125 436 000	29 243 054	Additional funding for Roads Function.
Government - operating	167 610 552	168 993 000	(1 382 448)	Underspending of Grants
Government - capital	142 627	-	142 627	Included above
Interest	8 152 940	4 750 000	3 402 940	Adjustment due to additional interest earned on excess funds
Payments				
Suppliers and Employees	(282 269 100)	(293 704 292)	11 435 192	Savings due to implementation of turn around strategy
Finance charges	(235 261)	(830 000)	594 739	Long term liabilities almost redeemed at year end
Transfers and Grants	-	(34 895 559)	34 895 559	Included in supplies and employees cost above
NET CASH FROM/(USED) OPERATING ACTIVITIES	48 080 812	(30 250 851)	78 331 663	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	50 026	-	50 026	
Decrease/(increase) in non-current receivables	(5 986 120)	-	(5 986 120)	Due to the actuarial calculations
Decrease / (Increase) in non-current investments	14 747	-	14 747	
Decrease (increase) other non-current receivables	-	2 534 000	(2 534 000)	
Payments				
Capital assets	(8 841 708)	(9 413 750)	572 042	Underspending of capital budget
NET CASH FROM/(USED) INVESTING ACTIVITIES	(14 763 055)	(6 879 750)	(7 883 305)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Payments				
Repayment of borrowing	(1 979 204)	(650 000)	(1 329 204)	Underprovision for long term borrowings
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 979 204)	(650 000)	(1 329 204)	
NET INCREASE/(DECREASE) IN CASH HELD	31 338 553	(37 780 601)	69 119 154	
Cash and Cash Equivalents at the beginning of the year	79 744 174	94 582 000	(14 837 826)	
Cash and Cash Equivalents at the end of the year	111 082 727	56 801 399	54 281 328	

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

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	125 436 000	-	125 436 000	
Government - operating	170 060 000	(1 067 000)	168 993 000	
Government - capital		-	-	
Interest	4 500 000	250 000	4 750 000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(286 362 000)	(7 342 292)	(293 704 292)	
Finance charges	(530 000)	(300 000)	(830 000)	
Transfers and Grants	(35 963 000)	1 067 441	(34 895 559)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	(22 859 000)	(7 391 851)	(30 250 851)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease (increase) other non-current receivables	2 534 000	-	2 534 000	
Payments				
Capital assets	(8 300 000)	(1 113 750)	(9 413 750)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(5 766 000)	(1 113 750)	(6 879 750)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Payments				
Repayment of borrowing	(650 000)	-	(650 000)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(650 000)	-	(650 000)	
NET INCREASE/(DECREASE) IN CASH HELD	(29 275 000)	(8 505 601)	(37 780 601)	
Cash and Cash Equivalents at the beginning of the year	94 582 000	-	94 582 000	
Cash and Cash Equivalents at the end of the year	65 307 000	(8 505 601)	56 801 399	

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

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 annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. 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 annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R500,000.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the:

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Standard	Description	Effective Date
Directive 11	<p>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement bases.</p>	1 April 2015
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>
<p>GRAP 107 (Original – Nov 2010)</p>	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2015</p>
<p>GRAP 108 (Original – Sept 2013)</p>	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<p>Unknown</p>
<p>GRAP 109</p>	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the</p>	<p>Unknown</p>

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Municipality's current treatment is already in line with the Standards treatment.	
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
IGRAP17	<p>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the future acquisition of assets from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

-
- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Municipality.
 - The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, intangible assets and investment property, and may not be used for the maintenance of these items.
 - An amount equal to the value of the depreciation and amortisation recognised in the Statement of Financial Performance for the current financial year is transferred to the CRR annually.
 - Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR.
 - The amounts received from the rental of carports at the office buildings are transferred to the CRR on an annual basis.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14. PROVISIONS

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.

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 an inflow of economic benefits or service potential is probable.

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.

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;

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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 de-recognised.

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.

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

1.15.1. 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 in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was 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, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.15.2. 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. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. 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, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.4. 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 year-end 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.

1.15.5. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.6. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.15.7. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

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 they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.8. 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:

- 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
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure 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, and only 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

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. 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.

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.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets 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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

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

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

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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 management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	14 – 33	Buildings	6 - 100
		Other vehicles	7 – 36
<u>Community</u>		Office equipment	5 – 30
Recreational Facilities	9 – 34	Furniture and fittings	2 – 35
		Bins and containers	8 – 34
		Specialised plant and Equipment	2 – 26
		Fire Engines	7 – 35
		Emergency equipment	5 – 20
		Computer equipment	2 – 34
		Disaster Management Equipment	12 – 13

Property, plant and equipment 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.

1.17.4. De-recognition

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.

1.17.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

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- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position 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.

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

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. 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 subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a

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

<u>Intangible Assets</u>	Years
Computer Software	4 - 18

1.18.4. De-recognition

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.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property is recognised as an asset when, and only 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 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, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

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

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1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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 management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	23 - 100

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.20. HERITAGE ASSETS

1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated

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Heritage 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.

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

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(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

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The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. INVENTORIES

1.22.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only 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. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.22.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, 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. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. 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 carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument 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.

1.23.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

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1.23.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and 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.

1.23.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.23.2.4. Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23.3. De-recognition of Financial Instruments

1.23.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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1.23.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only 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

1.24. 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.

1.24.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.24.2. Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

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.

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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.

1.24.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1. 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.

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 without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are

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received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

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. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2. 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.

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

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

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 individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when 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. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Trade and Other Payables in the Statement of Financial Position.

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.

Service charges relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connections on the property. Service charges are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

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.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

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 imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.26. TRANSFER OF FUNCTION (Municipality as Acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an Municipality of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
(b) a member of the governing body of an Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

-
- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
 - (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.28. 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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

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.

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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:

1.32.1. *Post-retirement medical obligations, Long service awards and Ex gratia gratuities*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities 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. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.32.2. *Impairment of Receivables*

The calculation in respect of the impairment of debtors 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.

1.32.3. *Property, Plant and Equipment*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings 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 estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other 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.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

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.

1.32.4. Intangible Assets

The useful lives of intangible assets are based on management's estimation. 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.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life 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.

1.32.5. Provisions and Contingent Liabilities

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

1.32.6. Revenue Recognition

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.32.7. Provision for Clearing of Alien Vegetation

The Municipality has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared. Assessment of the clearing costs is based on quotations from a specialist supplier and is made every second year and adjusted for inflationary in the alternate years.

1.32.8. Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

1.32.9. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.32.10. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.32.11. Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32.12. Clearing of Alien Vegetation

The Economic entity has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.33. 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 as part of receivables or payables in the Statement of Financial Position.

1.34. 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.

1.35. 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:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2 NET ASSET RESERVES

	2015 R	2014 R
RESERVES	235 302 778	455 344 683
Capital Replacement Reserve	21 370 360	18 068 623
Accumulated Surplus	213 932 418	437 276 060
Total Housing Development Fund Assets and Liabilities	235 302 778	455 344 683

3 LONG TERM LIABILITIES

Capitalised Lease Liability - At amortised cost	-	1 028 055
DBSA Loans - At amortised cost	691 204	1 642 353
Sub-total	691 204	2 670 408
Less: Unamortised Charges to Loans	9 410	61 024
Balance 1 July	61 024	139 090
Adjustment for the Year	(51 614)	(78 966)
Sub-total	681 794	2 609 384
Less: Current portion transferred to current liabilities	681 794	1 904 452
Current Portion of long term liabilities - At amortised cost	691 204	1 956 067
Current Portion of Unamortised Charges to Loans	(9 410)	(61 615)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	-	704 932

Annuity loans at amortised cost is calculated at 9.29%-17.82% interest rate, with first maturity date of 31 December 2009 and last maturity date of 31 March 2016. Interest rates are at arms length and the amounts reflected above represents the fair value of the financial liabilities. The schedule of contractual maturity analysis for Annuity Loans:

Refer to Annexure A for more detail on long-term liabilities.

The obligations under long term loans are scheduled below:

	Minimum Loan Payments	
	2015	2014
Amounts payable under long-term loans		
Payable within one year	716 995	2 184 939
Payable within two to five years	-	716 995
Payable after five years	-	-
	716 995	2 901 934
Less: Future finance obligations	(25 790)	(231 526)
Present value of loan obligations	691 205	2 670 408
Less: Amounts due for settlement within 12 months	(691 204)	(1 996 017)
Amount due for settlement after 12 months	0	674 391

4 EMPLOYEE BENEFITS

Employee Benefits - Liabilities (Note 4.1)

	2015 R	2014 R
Provision for Post Employment Health Care Benefits	70 773 219	61 374 030
Roads - Provision for Post Employment Health Care Benefits	51 736 843	46 000 742
Provision for Ex-Gratia Pension Benefits	449 819	646 802
Roads - Provision for Ex-Gratia Pension Benefits	615 344	713 322
Provision for Long Service Leave Awards	5 310 637	4 779 267
Roads - Provision for Long Service Leave Awards	3 525 661	3 177 664
	132 411 523	116 691 827
Less Short Term Portion Transferred to Current Provisions	(6 633 071)	(5 559 425)
Total Non-current Employee Benefit Liabilities	125 778 452	111 132 402

Employee Benefits - Receivables (Note 4.3)

Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Transport with regards to employee benefits:

Correction of Error - Previously disclosed as Long-Term Receivables - Note 15

Roads - Provision for Post Employment Health Care Benefits (Note 4.3)	-	49 891 728
Roads - Provision for Ex-Gratia Pension Benefits (Note 4.3)		46 000 742
Roads - Provision for Long Service Leave Awards (Note 4.3)		3 177 664
Roads - Provision for Post Employment Health Care Benefits (Note 4.3)	51 736 843	-
Roads - Provision for Ex-Gratia Pension Benefits (Note 4.3)	615 344	-
Roads - Provision for Long Service Leave Awards (Note 4.3)	3 525 661	-
	55 877 848	49 891 728
Less Short Term Portion Transferred to Current Employee Benefits Receivable (Note 4.3)	2 756 775	2 404 270
	53 121 073	47 487 458

4.1 **EMPLOYEE BENEFITS - LIABILITY**

Post Employment Health Care Benefits

Balance 1 July	107 374 770	96 600 380
Contribution for the year	3 640 316	3 266 868
Interest Cost	9 353 001	8 053 028
Expenditure for the year	(4 503 528)	(4 449 069)
Actuarial Loss/(Gain)	6 645 502	3 883 563
Total post retirement benefits 30 June	122 510 061	107 374 770
Less: Transfer of Current Portion - Note 6	(5 075 772)	(4 503 528)
Balance 30 June	117 434 289	102 871 242

Long Service Leave Benefits

Balance 1 July	7 956 931	7 475 761
Contribution for the year	597 565	915 457
Interest Cost	602 059	515 028
Expenditure for the year	(825 436)	(706 212)
Actuarial Loss/(Gain)	505 179	(243 103)
Total post retirement benefits 30 June	8 836 298	7 956 931
Less: Transfer of Current Portion - Note 6	(1 351 940)	(825 436)
Balance 30 June	7 484 358	7 131 495

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4	EMPLOYEE BENEFITS (CONTINUED)	2015	2014
		R	R
	<u>Ex-Gratia Pension Awards</u>		
	Balance 1 July	1 360 125	1 863 066
	Contribution for the year	-	-
	Interest Cost	92 399	115 595
	Expenditure for the year	(230 461)	(299 955)
	Actuarial Loss/(Gain)	(156 900)	(318 581)
	Total post retirement benefits 30 June	1 065 163	1 360 125
	Less: Transfer of Current Portion - Note 6	(205 359)	(230 461)
	Balance 30 June	859 804	1 129 664
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	116 691 826	105 939 207
	Contribution for the year	4 237 881	4 182 325
	Interest Cost	10 047 459	8 693 651
	Expenditure for the year	(5 559 425)	(5 455 236)
	Actuarial Loss/(Gain)	6 993 781	3 331 879
	Total post retirement benefits 30 June	132 411 522	116 691 826
	Less: Transfer of Current Portion - Note 6	(6 633 071)	(5 559 425)
	Balance 30 June	125 778 451	111 132 401
4.1.1	Post Retirement Benefits	2015	2014
		Members	Members
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	180	193
	Roads - In-service (employee) members	171	187
	Continuation members (e.g. retirees, widows, orphans)	83	82
	Roads - Continuation members (e.g. retirees, widows, orphans)	69	67
	Total Members	503	529
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	25 161 505	24 979 068
	Roads - In-service members	27 963 362	22 843 458
	Continuation members	42 809 657	36 394 962
	Roads - Continuation members	26 575 338	23 157 283
	Total Liability	122 510 062	107 374 771
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2011	2012
		R	R
	In-service members	18 270 798	20 197 695
	Roads - In-service members	14 159 873	18 080 395
	Continuation members	28 124 019	24 236 421
	Roads - Continuation members	19 604 223	25 766 720
		80 158 913	88 281 231
	Experience adjustments were calculated as follows:		
		2015	2014
		R	R
	Liabilities: (Gain) / loss	6 645 502	3 893 563
		2011	2013
		R	R
	Liabilities: (Gain) / loss	(780 000)	(3 898 000)
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas		
	Keyhealth		
	LA Health		
	ProSano		
	Hosmed		
	SAMWU Medical Aid		
	The Future-service Cost for the ensuing year is estimated to be R 3 994 026, whereas the Interest - Cost for the next year is estimated to be R10 387 037.		
	Key actuarial assumptions used:	%	%
	i) Rate of interest		
	Discount rate	8.65%	8.89%
	Health Care Cost Inflation Rate	7.90%	8.11%
	Net Effective Discount Rate	0.70%	0.72%
	The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"		
	ii) Mortality rates		
	The PA 90 ult. Mortality table was used by the actuaries.		
	iii) Normal retirement age		
	The normal retirement age for employees of the municipality is 60 years.		
	It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.		
	iv) Actuarial Valuation Method		
	The Projected Unit Credit Method has been used to value the liabilities.		
	The amounts recognised in the Statement of Financial Position are as follows:	2015	2014
		R	R
	Present value of fund obligations	70 773 219	61 374 030
	Roads - Present value of fund obligations	51 736 843	46 000 741
	Net liability/(asset)	122 510 062	107 374 771
	The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)	2015 R	2014 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	107 374 770	96 600 380
Current service cost	3 640 316	3 266 868
Interest Cost	9 353 001	8 063 028
Benefits Paid	(4 503 528)	(4 449 069)
Total expenses	115 864 659	103 481 207
Actuarial (gains) / losses	6 645 602	3 893 563
Present value of fund obligation at the end of the year	122 510 061	107 374 770

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		33 125	69 385	122 510	
Health care inflation	1%	64 785	76 943	141 728	16.00%
Health care inflation	-1%	43 967	62 975	106 942	-13.00%
Discount Rate	1%	44 094	63 066	107 161	-13.00%
Discount Rate	-1%	64 819	76 966	141 785	16.00%
Post retirement mortality	- 1 yr	54 929	72 217	127 147	4.00%
Average retirement age	+ 1 yr	57 038	69 385	126 423	3.00%
Continuation of membership at retirement	-10%	47 605	69 385	116 990	-5.00%

Assumption	Change	Current-service Cost R	Interest Cost R	Total R	% change
Central Assumption		3 640 300	9 353 000	12 993 300	
Health care inflation	1%	4 549 600	10 877 800	15 427 400	19.00%
Health care inflation	-1%	2 942 200	8 188 700	11 060 900	-15.00%
Discount Rate	1%	2 979 000	9 051 700	12 030 700	-7.00%
Discount Rate	-1%	4 510 100	9 657 600	14 167 700	9.00%
Post-retirement mortality	-1 year	3 370 600	9 714 700	13 085 300	4.00%
Average retirement age	-1 year	3 876 600	9 660 800	13 537 400	4.00%
Withdrawal Rate	-10%	3 284 400	8 910 500	12 194 900	-6.00%

4.1.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 205 Eden employees and 288 Roads employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 691 510, whereas the Interest- Cost for the next year is estimated to be R 636 658.

Key actuarial assumptions used:

	2015 %	2014 %
j) Rate of interest		
Discount rate	7.97%	7.97%
General Salary Inflation (long-term)	7.00%	7.14%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.74%	0.78%

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

ii) Actuarial Valuation Method

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

Analysis of accrued liability

	2015 R	2014 R
Fair value of plan assets -		
Accrued Liability	5 310 637	4 779 267
Roads - Accrued Liability	3 525 661	3 177 664
Net liability / (asset)	8 836 298	7 956 931

Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year	7 956 931	7 475 761
Current service cost	597 595	915 457
Interest Cost	602 059	515 028
Benefits Paid	(825 436)	(706 212)
Total expenses	8 331 119	8 200 034
Actuarial (gains) / losses	505 179	(243 103)
Present value of fund obligation at the end of the year	8 836 298	7 956 931

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

Accrued Liability	5 310 637	4 779 267
Roads - Accrued Liability	3 525 661	3 177 664
Net liability	8 836 298	7 956 931

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

	2011 R	2012 R	2013 R
Accrued Liability	3 744 356	4 173 517	4 362 238
Roads - Accrued Liability	2 401 975	2 499 304	3 113 523
Total Liability	6 146 331	6 672 821	7 475 761

Experience adjustments were calculated as follows:

	2011 R	2012 R	2013 R
Liabilities: (Gain) / loss		505 179	(243 103)
Liabilities: (Gain) / loss	(304 411)	57 687	356 598

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		8.836	
General salary inflation	+1%	9.393	6%
General salary inflation	-1%	8.332	-6%
Discount Rate	+1%	8.300	-6%
Discount Rate	-1%	9.439	7%
Average retirement age	-2 yrs	6.902	-22%
Average retirement age	+2 yrs	9.951	13%
Withdrawal rates	-50%	10.446	18%

4.1.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 7 former Eden employees and 10 former Roads employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 72 261.

Key actuarial assumptions used:

	2015 %	2014 %
i) Rate of interest		
Discount rate	7.49%	7.41%
Pension Increase Rate	3.06%	3.05%
Net Effective Discount Rate: pensioners with pension increases of 50% of DPI	4.30%	4.23%

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

ii) Actuarial Valuation Method

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

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

	2015 R	2014 R
Accrued Liability	449 819	646 802
Roads - Accrued Liability	615 344	713 322
Net liability	1 065 163	1 360 124

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

	2011 R	2012 R	2013 R
Accrued Liability	1 129 529	1 009 245	1 007 190
Roads - Accrued Liability	1 107 225	1 002 246	855 875
Total Liability	2 236 754	2 011 491	1 863 065

Experience adjustments were calculated as follows:

	2015 R	2014 R
Liabilities: (Gain) / loss	(156 900)	(318 581)
Assets: Gain / (loss)	-	-

	2011 R	2012 R	2013 R
Liabilities: (Gain) / loss	30 642	(225 549)	84 892
Assets: Gain / (loss)	-	-	-

Analysis of accrued liability

	2015 R	2014 R
Fair value of plan assets -		
Accrued Liability	449 819	646 802
Roads - Accrued Liability	615 344	713 322
Net liability / (asset)	1 065 163	1 360 124

Reconciliation of accrued liability values:

	2015 R	2014 R
Present value of fund obligation at the beginning of the year	1 360 125	1 863 066
Interest Cost	92 399	115 595
Benefits Paid	(230 461)	(299 955)
Total expenses	1 222 063	1 678 706
Actuarial (gains) / losses	(156 900)	(318 581)
Present value of fund obligation at the end of the year	1 065 163	1 360 125

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1 065 161	
Pension Increase rate	+1%	1 114 236	5%
Pension Increase rate	-1%	1 019 571	-4%
Discount Rate	+1%	1 021 776	-4%
Discount Rate	-1%	1 112 597	4%
Post-retirement mortality	- 1 yr	1 119 860	5%
Average retirement age	- 1 yr	1 065 161	0%
Withdrawal rate	-50%	1 065 161	0%

4.2 Retirement Funds

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

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

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

Cape Joint Pension Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 101.7% (30 June 2013 - 99.2%).

Contributions paid recognised in the Statement of Financial Performance

2015	2014
R	R
55 615	748 757

Cape Retirement Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2013 - 100.2%).

Contributions paid recognised in the Statement of Financial Performance

22 598 600	20 948 633
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Defined Contribution Plans

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

Contributions paid recognised in the Statement of Financial Performance

18 527	80 641
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4.3 EMPLOYEE BENEFITS - RECEIVABLE

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1.1) - At amortised cost
 Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.1.3) - At amortised cost
 Department of Transport: Roads - Long Service Awards (Note 4.1.2) - At amortised cost

51 736 843	46 000 742
615 344	713 322
3 525 661	3 177 664
55 877 848	49 891 728
2 756 775	2 404 270

Less: Current portion transferred to current employee benefits receivable

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1.1) - At amortised cost
 Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.1.3) - At amortised cost
 Department of Transport: Roads - Long Service Awards (Note 4.1.2) - At amortised cost

2 247 828	1 973 160
117 482	127 993
391 465	303 117

Total

53 121 073	47 487 458
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DEPARTMENT OF TRANSPORT: ROADS

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past practice, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

5 NON-CURRENT PROVISIONS

Provision for Alleviation of Alien Vegetation on Council Properties
 Less current portion transferred to Current Provisions - Note 7

2015	2014
R	R
5 429 483	5 760 255
(2 312 451)	(2 623 859)
3 117 032	3 136 396

Total Non-Current Provisions

Clearing of Alien Vegetation

Balance 1 July
 Increase / (Decrease) in the provision for the year

5 760 255	5 485 902
(330 772)	274 353

Total provision 30 June

5 429 483	5 760 255
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Less: Transfer of Current Portion to Current Provisions - Note 7

(2 312 451)	(2 623 859)
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Balance 30 June

3 117 032	3 136 396
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According to the Alien Vegetation Eradication plan developed for the district municipality, it is estimated that an amount of R5,429,482.88 is required assuming that a strategy is followed where all properties were treated in the first year. The total budget required for the first follow-up would be R881,798.39 in the second year, R638,204.72 in the third year and R228,147.04 in the fourth year and will continued for 10 years.

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. The following rate was used - 5% (2014 - 5%)

There was no expenditure incurred for the current or prior financial years.

6 CURRENT EMPLOYEE BENEFITS

Performance Bonuses
 Provision for Staff Leave

2015	2014
R	R
481 322	509 294
4 821 127	4 779 865

Balance previously reported
 Correction of error for staff leave provision - Note 33.13

-	4 756 311
-	23 554

Provision for Staff Bonus
 Roads - Provision for Staff Leave
 Roads - Provision for Staff Bonus

2 409 795	2 300 159
3 057 331	3 026 335
1 787 804	1 725 132
6 633 071	5 559 425

Current Portion of Employee Benefit Provisions - Note 4
 Current Portion of Employee Benefit Provisions - Roads - Note 4

3 876 296	3 155 155
2 756 775	2 404 270

Provision Shift Allowances

1 237 618	1 237 618
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Balance previously reported
 Correction of error for staff leave provision - Note 33.13

-	-
-	1 237 618

Total Provisions

20 428 068	19 137 828
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30-Jun-15

Balance at beginning of year
 Overprovision previous year
 Utilised during the year
 Contributions/ (Reversal) to/of provision - current year provision

Roads -Performance Bonus	Performance Bonus
-	509 294
-	(145 499)
-	(335 823)
-	453 350
-	481 322

Balance at end of year

30-Jun-14

Balance at beginning of year
 Contributions to provision - current year provision

-	779 438
-	(270 144)
-	509 294

Balance at end of year

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

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CURRENT EMPLOYEE BENEFITS (CONTINUED)

6

	<u>Roads - Staff Leave</u>	<u>Staff Leave</u>
30-Jun-15		
Balance at beginning of year	3 026 335	4 779 865
Contributions to provision - current year provision	792 193	408 459
Utilised during the year	(761 196)	(367 196)
Balance at end of year	3 057 331	4 821 127
30-Jun-14		
Balance at beginning of year	2 787 026	4 651 107
Contributions to provision - current year provision	915 205	524 391
Correction of Error - Note 33.13	-	23 554
Utilised during the year	(675 896)	(419 187)
Balance at end of year	3 026 335	4 779 865

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

	<u>Roads - Staff Bonus</u>	<u>Staff Bonus</u>
30-Jun-15		
Balance at beginning of year	1 725 132	2 300 159
Contributions to provision - current year provision	3 056 914	4 190 491
Utilised during the year	(2 994 242)	(4 080 855)
Balance at end of year	1 787 804	2 409 795
30-Jun-14		
Balance at beginning of year	1 529 868	2 039 418
Contributions to provision - current year provision	3 073 585	4 068 069
Utilised during the year	(2 878 321)	(3 807 328)
Balance at end of year	1 725 132	2 300 159

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements, Other Defined Benefit Plan Information

	<u>2015</u> <u>R</u>	<u>2014</u> <u>R</u>
Provision Shift Allowances		
Balance at beginning of year	1 237 618	1 183 704
Balance previously reported	-	-
Correction of error for staff leave provision - Note 33.13	-	1 183 704
Contributions to provision - current year provision	-	53 914
Balance previously reported	-	53 914
Correction of error for staff leave provision - Note 33.13	-	-
Balance at end of year	1 237 618	1 237 618

7

PROVISIONS		
Current Portion of Alleviation of Alien Vegetation	2 312 451	2 623 859
Total Provisions	2 312 451	2 623 859

8

PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	4 968 108	2 749 687
Balance previously reported	-	3 046 581
Correction of error - incorrect provision for DMA properties - Note 33.3	-	(23 149)
Correction of error - provision for contributions to shopstewards - Note 33.3	-	8 561
Correction of error - provision for contributions to shopstewards - Note 33.3	-	42 912
Correction of error - provision for trade payables - Note 33.3	-	(313 097)
Correction of error - overstatement of creditor provision - Note 33.3	-	(12 123)
Other creditors	2 924 503	2 864 745
Balance previously reported	-	5 146 483
Correction of overstatement of output tax - Note 33.3	-	(2 281 838)
Correction of error - provision for trade payables - Note 33.3	-	100
Public Holiday Payments	310 789	310 789
Balance previously reported	-	-
Correction of error - incorrect journal processed in the 2011/2012 financial year - Note 33.3	-	310 789
Deposits	1 125 982	772 773
Deposits: Swartvlei	614 357	410 279
Deposits: Victoria Bay	226 764	153 738
Deposits: Callitdorp Spa	119 353	76 585
Deposits: De Hoek	165 508	132 171
SARS - Roads	-	-
Roads - Payment Received in Advance	1 000 000	1 000 000
Roads - Other creditors	2 094 010	1 166 675
Government subsidies: Department of Transport - Roads	9 512 157	10 569 228
Balance previously reported	-	10 569 228
Correction of error - Admin Fee Roads - Note 33.3	-	-
Debtors with credit balances	101 797	116 320
Total Trade Payables	22 037 347	19 550 216

Payables are being recognised net of any discounts.

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

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9

Unspent Grants

	11 458 072	8 176 225
National Government Grants	5 879 161	6 044 827
Provincial Government Grants	4 072 649	499 804
Balance previously reported	-	774 344
Correction of emergency housing Zoar & DMA - Note 33.8	-	(274 540)
Other Grant Providers	1 506 262	1 631 594
Balance previously reported	-	1 640 758
Correction of emergency housing Zoar & DMA - Note 33.8	-	(9 164)
	560 584	-
	252 624	-
Balance previously reported	-	83 579
Correction of emergency housing Zoar & DMA - Note 33.8	-	(83 579)
Provincial Government Grants	-	-
Balance previously reported	-	248 560
Correction of DWAF Debtor - Note 33.4	-	(248 560)
Other Grant Providers	307 960	-
	10 897 488	8 176 225

Total Conditional Grants and Receipts

See appendix "B" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

10

TAXES

VAT Receivable

	2015 R	2014 R
VAT Receivable	2 369 457	1 831 524
Balance previously reported	-	1 483 452
Correction of error - incorrect VAT treatment on 2012-2013 provision for trade payables - Note 33.6	-	40 217
Correction of error - Incorrect billings with regards to rental properties - Note 33.6	-	147
Correction of error - SARS audit adjustment - Note 33.6	-	(52 478)
Correction of error - VAT incorrectly included in expense vote - Note 33.6	-	2 170
Correction of error - overstatement of provision for trade payables - Note 33.6	-	(1 489)
Correction of error - interest and penalties - Note 33.6	-	(22 581)
Correction of error - incorrect billings with regards to rental properties - Note 33.6	-	18 414
Correction of error - interest paid to SARS - Note 33.6	-	363 670
	2 369 457	1 831 524

VAT is payable on the payment basis. Only once payment is received from debtors VAT is paid over to SARS.

EDEN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
11 PROPERTY PLANT & EQUIPMENT
30 JUNE 2015
Reconciliation of Carrying Value

	Cost				Accumulated Impairments				Accumulated Depreciation				Closing Balance	Class Transfer	Carrying Value	
	Opening Balance (after class transfers)	Disposals	Class Transfer	Closing Balance	Opening balance	Additions	Reversal	Disposal	Closing Balance	Opening Balance (after class transfers)	Additions	Disposals				Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R				R
Infrastructure	104 489	-	-	104 489	-	-	-	-	29 870	-	5 099	-	34 869	-	69 520	
Roads and Streets	104 489	-	-	104 489	-	-	-	-	29 870	-	5 099	-	34 869	-	69 520	
Community Assets	928 314	-	96 148	1 024 462	-	3 237	-	-	206 467	-	40 206	1 488	245 175	-	776 050	
Caravan Parks	928 314	-	96 148	1 024 462	-	3 237	-	-	206 467	-	40 206	1 488	245 175	-	776 050	
Land and Buildings	283 550 370	138 000	283 686 370	5 666 736	-	-	158 789 563	-	11 650 744	-	778 731	-	12 429 475	-	128 338 069	
Land	245 145 760	138 000	245 283 760	5 711 178	-	-	157 111 000	-	11 650 744	-	-	-	12 429 475	-	83 883 938	
Buildings	48 404 610	-	48 404 610	155 558	-	-	1 678 563	-	157 111 000	-	1 678 563	-	34 452 131	-	48 404 610	
Other Assets	32 482 603	-	32 482 603	2 804 410	1 452 047	-	23 644	-	20 881 026	-	1 726 922	991 066	21 416 881	-	12 394 441	
Office Equipment	2 535 065	(511)	2 534 553	207 030	235 047	-	-	-	1 548 881	-	164 093	157 467	1 555 443	-	951 392	
Furniture and Fittings	4 689 100	(4 721)	4 684 379	182 565	200 862	-	-	-	3 189 284	-	219 860	158 163	3 250 851	-	4 044 632	
Bins and Containers	430 191	-	430 191	430 191	-	-	-	-	224 825	-	44 311	-	269 136	-	161 055	
Emergency equipment	1 462 391	-	1 462 391	136 545	47 984	-	-	-	1 021 453	-	89 569	34 321	1 076 700	-	474 252	
Motor Vehicles	4 912 611	-	4 912 611	96 491	79 757	-	-	-	2 624 807	-	223 262	43 340	2 864 700	-	1 244 615	
Fire Engines	4 608 917	-	4 608 917	1 235 000	70 290	-	-	-	2 309 629	-	228 551	38 873	2 497 307	-	3 252 676	
Computer Equipment	7 317 497	-	7 317 497	860 396	713 395	-	-	23 644	4 396 724	-	558 629	483 037	4 472 316	-	2 992 182	
Plant and Equipment	1 685 726	5 232	1 690 958	106 383	105 212	-	-	-	1 034 855	-	113 704	75 835	1 083 386	-	588 924	
Disaster Management Equipment	4 632 105	-	4 632 105	-	-	-	-	-	4 310 449	-	86 943	-	4 397 392	-	434 713	
	327 965 776	138 000	327 203 776	8 767 294	1 455 283	-	23 644	-	32 568 107	-	2 550 958	992 564	34 126 501	-	141 576 081	

30 JUNE 2014
Reconciliation of Carrying Value

	Cost				Accumulated Impairments				Accumulated Depreciation				Closing Balance	Class Transfer	Carrying Value	
	Opening Balance (after class transfers)	Disposals	Class Transfer	Closing Balance	Opening balance	Additions	Reversal	Disposal	Closing Balance	Opening Balance (after class transfers)	Additions	Disposals				Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R				R
Infrastructure	332 039	-	332 039	104 489	-	-	-	-	142 619	-	18 513	131 262	29 870	-	74 619	
Roads and Streets	332 039	-	332 039	104 489	-	-	-	-	142 619	-	18 513	131 262	29 870	-	74 619	
Community Assets	928 314	-	928 314	928 314	-	-	-	-	169 037	-	37 430	-	206 467	-	721 847	
Caravan Parks	928 314	-	928 314	928 314	-	-	-	-	169 037	-	37 430	-	206 467	-	721 847	
Land and Buildings	271 999 620	-	271 999 620	245 145 760	-	-	-	-	10 785 850	-	1 487 027	622 133	11 650 744	-	281 899 626	
Land	272 620 529	-	272 620 529	245 145 760	-	-	-	-	10 785 850	-	1 487 027	622 133	11 650 744	-	281 899 626	
Buildings	50 865 750	-	50 865 750	48 404 610	-	-	-	-	10 785 850	-	1 487 027	622 133	11 650 744	-	36 753 866	
Balance previously reported	-	-	-	245 851 669	-	-	-	-	-	-	-	-	-	-	245 851 669	
Correction of error identified for the first time - Note 34.1	-	-	-	(85 000)	-	-	-	-	-	-	-	-	-	-	(85 000)	
Correction of error disposal incorrectly classified - Note 34.1	(620 909)	-	(620 909)	(620 909)	-	-	-	-	-	-	-	-	-	-	(620 909)	
Buildings	50 865 750	-	50 865 750	48 404 610	-	-	-	-	10 785 850	-	1 487 027	622 133	11 650 744	-	36 753 866	
Correction of error identified for the first time - Note 34.1	50 844 701	-	50 844 701	48 298 561	-	-	-	-	10 791 327	-	1 487 795	622 133	11 656 979	-	36 841 582	
Correction of error disposal incorrectly classified - Note 34.1	70 140	-	70 140	70 140	-	-	-	-	4 216	-	701	-	4 917	-	65 223	
Correction of error disposal incorrectly classified - Note 34.1	(49 091)	-	(49 091)	(49 091)	-	-	-	-	(9 693)	-	(1 459)	-	(11 152)	-	(85 000)	
Correction of error incorrect classification - Note 34.1	(49 091)	-	(49 091)	(49 091)	-	-	-	-	(9 693)	-	(1 459)	-	(11 152)	-	(37 939)	

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 PROPERTY PLANT & EQUIPMENT (CONTINUED)

	Cost				Accumulated Impairments				Accumulated Depreciation						
	Opening Balance	Class Transfer	Opening Balance (after class transfers)	Cost	Opening balance	Additions	Reversal	Disposal	Closing Balance	Opening Balance (after class transfers)	Additions	Disposals	Class Transfer	Closing Balance	Carrying Value
Other Assets	32 265 615	-	32 265 615	995 413	782 428	-	23 644	-	23 644	18 628 201	2 361 776	508 952	-	20 661 026	11 777 933
Office Equipment	2 673 133	-	2 673 133	-	137 044	(1 024)	-	-	-	1 423 006	196 014	70 138	-	1 548 881	986 194
Balance previously reported	2 652 034	-	2 652 034	-	138 375	(1 024)	-	-	-	1 404 990	193 023	70 752	-	1 527 261	968 374
Correction of error previously disposed now found - Note 34.1	-	-	-	-	(1 331)	-	-	-	-	18 016	89	(614)	-	704	627
Correction of error identified for the first time - Note 34.1	38 099	-	38 099	-	38 099	-	-	-	-	-	2 901	-	-	20 617	17 162
Furniture and Fixings	4 717 792	-	4 717 792	179 882	188 924	(650)	-	-	-	3 086 464	259 755	156 816	-	3 189 403	1 506 697
Balance previously reported	4 692 360	-	4 692 360	179 882	214 005	(650)	-	-	-	3 074 475	259 933	167 180	-	3 104 218	1 483 369
Correction of error previously disposed now found - Note 34.1	-	-	-	-	(15 081)	-	-	-	-	881	(10 374)	-	-	11 965	3 816
Correction of error identified for the first time - Note 34.1	25 432	-	25 432	-	25 432	-	-	-	-	11 989	1 931	-	-	13 920	11 512
Bins and Containers	430 191	-	430 191	-	430 191	-	-	-	-	169 677	55 148	-	-	224 625	205 366
Emergency equipment	1 543 702	-	1 543 702	-	1 543 381	-	-	-	-	957 684	117 584	54 036	-	1 021 453	449 938
Balance previously reported	1 459 069	-	1 459 069	-	86 007	-	-	-	-	918 121	110 788	56 795	-	972 114	400 948
Correction of error previously disposed now found - Note 34.1	-	-	-	-	(4 696)	-	-	-	-	39 773	387	(2 759)	-	3 157	1 539
Correction of error identified for the first time - Note 34.1	84 633	-	84 633	-	84 633	-	-	-	-	6 409	6 409	-	-	46 102	38 461
Motor Vehicles	4 538 116	-	4 538 116	400 000	25 505	-	-	-	-	2 279 089	361 554	15 636	-	2 624 807	2 287 804
Balance previously reported	4 538 116	-	4 538 116	400 000	32 874	-	-	-	-	2 279 089	360 669	18 870	-	2 620 888	2 284 254
Correction of error previously disposed now found - Note 34.1	-	-	-	-	(7 469)	-	-	-	-	-	885	(3 034)	-	3 919	3 550
Fire Engines	4 709 719	-	4 709 719	-	100 802	-	-	-	-	2 061 873	306 516	58 760	-	2 309 629	2 276 644
Computer Equipment	7 112 950	-	7 112 950	419 531	214 984	-	-	-	-	3 947 788	594 702	135 767	-	4 396 724	2 920 773
Balance previously reported	6 995 431	-	6 995 431	419 531	232 169	-	-	-	-	3 893 989	574 684	145 864	-	4 322 809	2 863 964
Correction of error previously disposed now found - Note 34.1	-	-	-	-	(17 205)	-	-	-	-	53 799	1 356	(10 097)	-	11 463	5 751
Correction of error identified for the first time - Note 34.1	113 519	-	113 519	-	113 519	-	-	-	-	8 662	8 662	-	-	62 461	51 688
Plant and Equipment	1 707 907	-	1 707 907	-	23 854	1 674	-	-	-	936 774	136 681	17 601	-	1 054 855	630 872
Balance previously reported	1 626 253	-	1 626 253	-	29 635	1 674	-	-	-	898 489	129 194	22 101	-	1 005 682	592 710
Correction of error previously disposed now found - Note 34.1	-	-	-	-	(5 781)	-	-	-	-	38 285	317	(4 500)	-	4 818	963
Correction of error identified for the first time - Note 34.1	81 654	-	81 654	-	81 654	-	-	-	-	6 170	6 170	-	-	44 455	37 199
Disaster Management Equipment	4 832 105	-	4 832 105	-	-	-	-	-	-	3 965 636	344 813	-	-	4 310 449	521 656
Restated Balance	356 461 338	-	356 461 338	995 413	30 424 976	-	23 644	-	23 644	29 925 707	3 964 746	1 262 347	-	32 568 107	294 474 025

The leased property, plant and equipment is secured as set out in Note 3.
The loss on disposal of property of R32 103 422 relates to property transferred to the D. Municipalities.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2015	2014
		R	R
	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost	465 961	29 162 629
	Surplus/Deficit	<u>465 961</u>	<u>29 162 629</u>
	Impairment of property plant and equipment		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	158 789 563	-
	Other	-	23 644
		<u>158 789 563</u>	<u>23 644</u>
	Effect of changes in accounting estimates		
	During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Eden District Municipality. The effect on the current as well as future periods are as follow:		

	2015	2016	2017
	R	R	R
Decrease in Accumulated Depreciation: Property, plant and equipment	<u>(584 284)</u>	<u>(572 544)</u>	<u>(542 006)</u>

Additional disclosure matter:

Transfer of property to local (B) Municipalities:

Plan to transfer not yet finalised:

On 25 May 2015 a Council Resolution was taken to transfer portion 119 farm 60 Calitzdorp to Kannaland Municipality and portion 0 of farm 195 Kraaibosch to George Municipality. At reporting date the plan to transfer the property was not yet finalised.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land R13 113 900
- Buildings R4 410 434

Disputed properties:

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local (B) municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land R37 602 251
- Buildings R 754 693

12	INVESTMENT PROPERTY	2015	2014
		R	R
	Net Carrying amount at 1 July	171 394 998	174 226 854
	Cost - Buildings	7 456 559	7 790 500
	Correction of Error - incorrect classification - Note 33.2	-	49 091
	Correction of Error - First Time Recognition of Assets - Note 33.2	-	96 988
	Correction of Error - prior period opening balance classification - Note 33.2	-	-
	Cost - Land	165 996 856	167 359 500
	Correction of Error - First Time Recognition of Assets - Note 33.2	-	5 172
	Correction of Error - incorrect classification - Note 33.2	-	620 909
	Correction of Error - Incorrect Cost Prices - Note 33.2	-	113 776
	Class Transfers - Buildings	-	-
	Class Transfers - Land	(138 000)	-
	Accumulated Depreciation - Buildings	(1 920 417)	(1 793 540)
	Class Transfers - Buildings	-	(9 693)
	Correction of Error - First Time Recognition of Assets - Note 33.2	-	(5 828)
	Acquisitions - Buildings	-	-
	Impairments - Land	(84 881 250)	-
	Impairments - Buildings	-	-
	Restated depreciation for the year	(133 532)	(228 481)
	Depreciation for the year - previously reported	(133 532)	(226 052)
	Correction of Error - First Time Recognition of Assets - Note 33.2	-	(970)
	Correction of Error - incorrect classification - Note 33.2	-	(1 459)
	Disposals: Accumulated depreciation - Buildings	-	117 125
	Disposals: Cost - Buildings	-	(480 000)
	Disposals: Cost - Land	-	(2 102 500)
	Net Carrying amount at 30 June	85 760 987	171 532 999
	Cost - Buildings	7 456 559	7 456 559
	Cost - Land	165 858 856	165 996 856
	Accumulated Impairments - Buildings	(619 229)	-
	Accumulated Impairments - Land	(84 881 250)	-
	Accumulated Depreciation - Buildings	(2 053 949)	(1 920 417)

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Eden District Municipality. The effect on the current as well as future periods are as follow:

	2015	2016	2017
	R	R	R
Decrease in Accumulated Depreciation: Investment Property	<u>(76 884)</u>	<u>(76 884)</u>	<u>(76 844)</u>
Revenue derived from the rental of investment property		<u>877 715</u>	<u>535 797</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.

Additional disclosure matter

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local (B) municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land - Investment Properties R29 040 000
- Buildings - Investment Properties R766 718

Other Disputes:

A legal dispute has been lodged against the Eden District Municipality by Mr Keyser regarding Farm 32 George Doorndrift regarding the ownership of the property. At this stage, Eden District Municipality is awaiting correspondence from the applicants attorney Mr James King form Oudtshoorn.

- Land - Investment Properties R750 000
- Buildings - Investment Properties R89 200

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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INTANGIBLE ASSETS

	R	R
Cost	5 001 466	4 938 134
Opening Balance on 1 July	4 938 134	6 348 308
Balance Previously reported	4 938 134	6 320 533
Correction of Error - First Time Recognition of Assets - Note 33.12	-	27 775
Class Transfers	-	-
Acquisitions for the year - At cost	74 413	225 268
Balance Previously reported	-	225 268
Correction of Error - Correction of Cost Price - Note 33.12	-	-
Disposals	(11 081)	(1 635 442)
Balance Previously reported	-	(1 660 315)
Correction of Error - Items Previously Disposed now Found - Note 33.12	-	24 873
Less: Accumulated Impairments	(120 395)	(120 395)
Opening Balance on 1 July	(120 395)	(120 395)
Impairments for the year	-	-
Less: Accumulated Amortisation	(2 579 597)	(1 990 533)
Opening Balance on 1 July	(1 990 533)	(2 786 362)
Balance Previously reported	-	(2 774 433)
Correction of Error - First Time Recognition of Assets - Note 33.9	-	(11 930)
Class Transfers	-	-
Restated Amortisation for the year	(596 904)	(734 341)
Balance Previously reported	-	(729 090)
Correction of Error - Items Previously Disposed now Found - Note 33.9	-	(2 620)
Correction of Error - First Time Recognition of Assets - Note 33.9	-	(2 641)
Disposals	7 840	1 530 171
Balance Previously reported	-	1 539 289
Correction of Error - Items Previously Disposed now Found - Note 33.9	-	(9 118)
Total Intangible Assets	2 301 474	2 827 207

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Eden District Municipality. The effect on the current as well as future periods are as follow:

Effect of changes in accounting estimates	2015 R	2016 R	2017 R
Increase in Accumulated Amortisation: Intangible assets	23 807	23 807	23 807

No intangible asset were assessed having an indefinite useful life.

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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NON-CURRENT INVESTMENTS

	2015 R	2014 R
Unlisted		
KKLK shares and Loan Account - Held at amortised cost through profit and loss	26 027	40 774
Total Unlisted	26 027	40 774
Total Investments	26 027	40 774
Council's valuation of unlisted investments		
KKLK shares	26 027	40 774
	26 027	40 774

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LONG-TERM RECEIVABLES

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4) - At amortised cost	-	-
Balance Previously Reported	-	46 000 742
Correction of Error - Note 4	-	(46 000 742)
Department of Transport: Roads - Long Service Awards (Note 4) - At amortised cost	-	-
Balance Previously Reported	-	3 177 664
Correction of Error - Note 4	-	(3 177 664)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4) - At amortised cost	-	-
Balance Previously Reported	-	713 322
Correction of Error - Note 4	-	(713 322)
Long term debtors: Local Authorities - At amortised cost	-	-
Less: Current portion transferred to current receivables	-	-
Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1) - At amortised cost	-	-
Balance Previously Reported	-	1 973 160
Correction of Error - Note 4	-	(1 973 160)
Department of Transport: Roads - Long Service Awards (Note 4.2) - At amortised cost	-	-
Balance Previously Reported	-	303 117
Correction of Error - Note 4	-	(303 117)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.3) - At amortised cost	-	-
Balance Previously Reported	-	127 993
Correction of Error - Note 4	-	(127 993)
Local Authorities - At amortised cost	-	-
Less: Unamortised Charges to Long Term Receivables	-	-
Balance 1 July	-	3 143
Adjustment for the Year	-	(3 143)
Total	-	-

LOANS TO OTHER LOCAL AUTHORITIES

The loans to other local authorities are interest free, except for the following loan:

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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INVENTORY

	2015 R	2014 R
Consumable Stores - at cost	3 500 044	4 645 034
Total Inventory	3 500 044	4 645 034
Consumable stores materials written down due to losses as identified during the annual stores counts.	23 114	5 231
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	23 114	5 231
Inventory issued during the year:		
Inventory issued during the year and included in expenses:	1 680 123.70	1 572 340.49

Eden

	2015 R	2014 R
Contracted services	-	144
General expenses: Domestic expenses	47 739	66 411
General expenses: Entertainment	610	47
General expenses: Plant	17 425	22 548
General expenses: Printing and stationary	4 364	3 949
General expenses: Protective Clothing	5 538	2 530
Repairs and Maintenance	10 026	8 677
General expenses: Training	38	-
Total	1 594 383	1 468 034

Roads

	2015 R	2014 R
Operating expenditure: Domestic expenses	53 119	55 253
Operating expenditure: Material	481 962	427 146
Operating expenditure: Plant	1 008 420	930 958
Operating expenditure: Printing and stationary	1 032	1 373
Operating expenditure: Protective Clothing	42 255	52 247
Operating expenditure: Repairs and Maintenance	7 594	1 057

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TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Allowance for Bad Debts	Net Balances
As at 30 June 2015			
Service debtors			
Ambulance and Fire Fighting Fees	4 214 996	(2 037 467)	2 177 529
Councillors' Arrears	2 694 552	-	2 694 552
Rental Agreements	1 115 788	(133 793)	981 996
Roads - Sundry debtors	9 717 220	-	9 717 220
Total	17 742 556	(2 171 259)	15 571 297

As at 30 June 2014

	Gross Balances	Allowance for Bad Debts	Net Balances
Service debtors			
Ambulance and Fire Fighting Fees	5 262 546	(2 533 985)	2 728 561
Councillors' Arrears	2 498 736	(2 498 736)	-
Rental Agreements	1 594 133	(457 647)	1 136 486
Balance previously reported	3 332 399	(1 901 109)	1 431 290
Correction of error - incorrect billings & provision for bad debts - Note 33.5	(1 200)	40	(1 160)
Correction of error - incorrect billings & provision for bad debts - Note 33.5	(1 204 491)	1 204 491	(0)
Correction of error - incorrect billings & provision for bad debts - Note 33.5	(474 422)	129 634	(344 788)
Correction of error - incorrect billings & provision for bad debts - Note 33.5	(31 637)	98	(31 539)
Correction of error - incorrect billings & provision for bad debts - Note 33.5	113 059	-	113 059
Correction of error - incorrect billings & provision for bad debts - Note 33.5	19 600	(15 680)	3 920
Correction of error - incorrect billings & provision for bad debts - Note 33.5	(149 945)	115 564	(34 380)
Correction of error - incorrect billings & provision for bad debts - Note 33.5	(9 211)	9 315	104
Roads - Sundry debtors	10 280 615	-	10 280 615
Total	19 636 030	(5 490 368)	14 145 662

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

Housing Rentals & Rental Agreements: Ageing

	2015 R	2014 R
Current (0-30 days)	68 439	897 027
31 - 60 Days	14 155	53 536
61 - 90 Days	13 609	13 737
91 - 120 Days	14 448	13 161
121-365 Days	841 450	616 672
+ 365 Days	163 688	0
Total	1 115 788	1 594 133

Councillors' Arrears: Ageing

	2015 R	2014 R
Current (0-30 days)	5 233	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	2 497 856	2 498 736
+ 365 Days	191 463	-
Total	2 694 552	2 498 736

Ambulance and Fire Fighting Fees-Ageing

	2015 R	2014 R
Current (0-30 days)	32 749	(650)
31 - 60 Days	1 097 508	396 394
61 - 90 Days	2 690	352 027
91 - 120 Days	2 690	256 500
121-365 Days	2 836 647	4 017 792
+ 365 Days	242 711	240 481
Total	4 214 996	5 262 546

Roads - Sundry debtors

	2015 R	2014 R
Current (0-30 days)	9 680 607	10 051 803
31 - 60 Days	36 611	8 176
61 - 90 Days	-	5 054
91 - 120 Days	-	2 515
121-365 Days	-	855
+ 365 Days	-	212 183
Total	9 717 218	10 280 616

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of the allowance for bad debt provision (Trade Receivables from exchange and Other Receivables from non-exchange)

Balance at the beginning of the year	7 735 313	7 199 069
Correction of error - incorrect billings & provision for bad debts - Note 33.5	-	(1 194 903)
Contributions to allowance: Exchange Receivables - Note 17	(1 044 263)	1 975 939
Contributions to allowance: Non-exchange Receivables - Note 18	(1 025 481)	466 863
Bad debts written off against the allowance	(1 362 103)	(711 655)
Balance at end of year	4 303 466	7 735 313

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

18 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

As at 30 June 2015	Gross Balances	Allowance for Bad Debts	Net Balances
Recoverable Debtor: JP Zeelie	463 059	(463 059)	-
Recoverable Debtor: C Africa	6 804	-	6 804
Recoverable Debtor: Anti-fraud Hotline	27 143	-	27 143
Recoverable Debtor: DMA	135 076	-	135 076
Recoverable Debtor: NM Dlangelele	19 007	-	19 007
Recoverable Debtor: JC Saayman	6 373	-	6 373
Sundry debtors	3 504 132	(1 332 862)	2 171 271
Continued Members	401 198	(336 286)	64 912
Total Other Debtors	4 562 790	(2 132 207)	2 430 583

As at 30 June 2014	Gross Balances	Allowance for Bad Debts	Net Balances
Recoverable Debtor: JP Zeelie	463 059	(463 059)	-
Recoverable Debtor: C Africa	6 804	-	6 804
Recoverable Debtor: DMA	557 132	-	557 132
Sundry debtors	2 973 930	(1 498 386)	1 475 544
Balance previously reported	2 662 229	(1 249 827)	1 412 402
Correction of error - Other Income allocated to incorrect debtor - Note 33.4	63 142	-	63 142
Correction of error - DWAF grant reclassification as debtor- Note33.4	248 559	(248 559)	-
Correction of error - PAYE allocations for 2012/13 financial year - Note 33.4	-	-	-
Continued Members	307 649	(278 266)	29 383
Councillors Transport Allowance	5 233	(5 233)	-
Advances to Agencies	497 873	-	497 873
Balance previously reported	-	-	-
Correction of double payment processed - Note 33.4	23 506	-	23 506
Correction of VAT on provision for trade payables - Note 33.4	(217 380)	-	(217 380)
Correction of classification of Department of Transport debtors - Note 33.4	691 746	-	691 746
Total Other Debtors	4 811 681	(2 244 944)	2 566 737

The provision for doubtful debts on other debtors exists due to the possibility that not all debts will be recovered.

	2015 R	2014 R
Recoverable Debtor: JP Zeelie		
+ 365 Days	463 059	463 059
Total	463 059	463 059
Recoverable Debtor: C Africa		
+ 365 Days	6 804	6 804
Total	6 804	6 804
Recoverable Debtor: DMA		
Current (0-30 days)	12 074	-
31 - 60 Days	11 839	-
61 - 90 Days	11 500	4 905
91 - 120 Days	7 694	15 164
121-365 Days	91 969	113 852
+ 365 Days	-	423 211
Total	135 076	557 132
Recoverable Debtor: NM Dlangelele		
121-365 Days	19 007	-
Total	19 007	-
Recoverable Debtor: JC Saayman		
61 - 90 Days	3 186	-
91 - 120 Days	3 186	-
Total	6 373	-
Sundry debtors		
Current (0-30 days)	693 519	-
31 - 60 Days	489 738	38 550
61 - 90 Days	62 125	39 338
91 - 120 Days	(10 016)	84 357
121-365 Days	109 149	441 401
+ 365 Days	2 159 617	2 370 283
Total	3 504 132	2 973 930
Continued Members		
Current (0-30 days)	52 961	(59 394)
31 - 60 Days	13 021	55 167
61 - 90 Days	9 101	14 750
91 - 120 Days	6 140	7 402
121-365 Days	293 047	289 725
+ 365 Days	26 927	-
Total	401 197	307 650
Recoverable Debtor: Anti-fraud Hotline		
Current (0-30 days)	27 143	-
Total	27 143	-
Councillors Transport Allowance		
+ 365 Days	-	5 233
Total	-	5 233
Advances to Agencies		
Current (0-30 days)	-	(193 874)
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	-
+ 365 Days	-	691 746
Total	-	497 872

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

The fair value of other receivables approximate their carrying value.

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

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
OPERATING LEASE ARRANGEMENTS

19

19.1 The Municipality as Lessee

Balance on 1 July

Movement during the year

Balance on 30 June

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year

1 to 5 Years

More than 5 Years

	2015 R	2014 R
Balance on 1 July	18 142	-
Movement during the year	3 474	18 142
Balance on 30 June	21 616	18 142
Up to 1 Year	772 457	229 656
1 to 5 Years	15 200	243 394
More than 5 Years	-	-
	787 657	473 050

19.2 The Municipality as Lessor

Balance on 1 July

Movement during the year

Balance on 30 June

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year

1 to 5 Years

More than 5 Years

	2015 R	2014 R
Balance on 1 July	29 270	-
Movement during the year	51 230	29 270
Balance on 30 June	80 500	29 270
Up to 1 Year	487 642	414 626
1 to 5 Years	968 648	1 195 626
More than 5 Years	177 020	344 248
	1 633 310	1 954 500

20

CASH AND CASH EQUIVALENTS

Liabilities

Roads - Bank Account

Assets

Call Investment Deposits

Roads - Bank Account

Short term deposits

Balance previously reported

Correction of error - Standard Bank interest received - Note 33.7

Cash

Primary Bank Account

Standard Bank Account

Total Cash and Cash Equivalents - Assets

The effective interest rate was 5.4% (2014: 5.03%).

The Municipality has the following bank accounts:-

Call Investment Deposits

Included in other deposits and bank balances are an amount of R11 458 072 (2014: R 8 176 225) which is attributable to unspent grants and subsidies; and R21 370 360 (2014: R18 068 623) which is attributable to the Capital Replacement Reserve and R 0 (2014: R704 932) which is to repay long-term liabilities as set out in note 3.

	2015 R	2014 R
Roads - Bank Account	-	-
Call Investment Deposits	134 217	1 104
Roads - Bank Account	7 426 061	5 923 716
Short term deposits	90 223 890	60 129 973
Balance previously reported	-	60 122 973
Correction of error - Standard Bank interest received - Note 33.7	-	7 000
Cash	11 423	21 365
Primary Bank Account	-	-
Standard Bank Account	13 287 136	13 668 016
Total Cash and Cash Equivalents - Assets	111 082 727	79 744 174

Current Account (Primary Bank Account)

ABSA George Branch

Account Number 4050434930

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

	-	35 254
	-	-
	-	35 254
	-	-

Current Account (Standard Bank Account)

Standard Bank George Branch

Account Number 06 083 263 0

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

	13 668 016	52 700 469
	13 287 136	13 668 016
	14 487 347	52 883 296
	13 552 653	14 487 347
Cash	11 423	21 365

Current Account (Standard Bank Account) - Roads

Standard Bank George Branch

Account Number 06 083 283 500 0

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

	5 923 716	20 226 282
	7 426 061	5 923 716
	5 238 308	20 108 472
	7 245 556	5 238 308

Call Investment Deposits

ABSA George Branch

Account Number 91 8226 2703

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

	1 104	1 104
	8 089	1 104
	1 104	-
	8 089	1 104

EDEN DISTRICT MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH AND CASH EQUIVALENTS (CONTINUED)**

20

Standard Bank George Branch Account Number 48872744847		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>126 128.06</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>126 128.06</u>	<u>-</u>
Short term deposits		
Standard Bank George Branch Account Number 48872744854		
Cash book balance at beginning of year	15 030 922	-
Cash book balance at end of year	<u>22 500 000</u>	<u>15 030 922</u>
Bank statement balance at beginning of year	15 000 000	-
Bank statement balance at end of year	<u>22 500 000</u>	<u>15 000 000</u>
First National Bank George Branch Account Number 74541633323		
Cash book balance at beginning of year	15 029 918	-
Cash book balance at end of year	<u>22 572 123</u>	<u>15 029 918</u>
Bank statement balance at beginning of year	15 000 000	-
Bank statement balance at end of year	<u>22 572 123</u>	<u>15 000 000</u>
Absa Bank George Branch Account Number 2075441485		
Cash book balance at beginning of year	15 030 559	-
Cash book balance at end of year	<u>22 575 205</u>	<u>15 030 559</u>
Bank statement balance at beginning of year	15 000 000	-
Bank statement balance at end of year	<u>22 575 205</u>	<u>15 000 000</u>
Nedbank George Branch Account Number 7881073772		
Cash book balance at beginning of year	15 031 574	-
Cash book balance at end of year	<u>22 576 562</u>	<u>15 031 574</u>
Bank statement balance at beginning of year	15 000 000	-
Bank statement balance at end of year	<u>22 576 562</u>	<u>15 000 000</u>
Interest earned for the year on the short term investments	7 381 072	4 690 695
Balance previously reported	-	4 683 695
Correction of error - Standard Bank interest received - Note 33.7	-	7 000

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21

GOVERNMENT GRANTS AND SUBSIDIES

	2015 R	2014 R
Unconditional		
Equitable Share	134 097 000	129 669 000
Conditional	33 656 179	16 063 719
Grants and Donations	33 656 179	16 063 719
Balance previously reported	33 656 179	16 063 719
Correction of error - incorrect provision for grant expenditure - Note 33.8	-	-
Total Government Grants and Subsidies	167 753 179	145 732 719
Government Grants and Subsidies - Operating	167 610 552	145 540 605
Government Grants and Subsidies - Capital	142 627	192 114
Total Government Grants and Subsidies	167 753 179	145 732 719
21.1 Equitable Share		
Opening balance	-	-
Grants received	134 097 000	129 669 000
VAT on Grants	-	-
Conditions met - Operating	(134 097 000)	(129 669 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
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.		
21.2 Municipal Systems Improvement Grant (MSIG)		
Opening balance	59 053	(106 743)
Grants received	934 000	890 000
Repaid to National Revenue Fund	(59 000)	-
VAT on Grants	(114 499)	(93 420)
Conditions met - Operating	(720 781)	(438 670)
Conditions met - Capital	(97 065)	(192 114)
Conditions still to be met	1 708	59 053
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
21.3 Local Government Financial Management Grant (FMG)		
Opening balance	12 274	12 274
Grants received	1 250 000	1 250 000
VAT on Grants	(46 129)	(64 993)
Conditions met - Operating	(1 216 145)	(1 185 007)
Conditions met - Capital	-	-
Conditions still to be met	-	12 274
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
21.4 Electricity Demand Side Management		
Opening balance	5 399 985	5 399 984
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	5 399 985	5 399 984
Grant utilised for energy efficiency investigation within the region.		
21.5 Dpt Land Affairs: District Assessment Committee		
Opening balance	49 343	49 343
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	49 343	49 343
Grant utilised to assess the land affairs within the region.		
21.6 Donation Funds National Water		
Opening balance	-	41 700
Correction of error - Note 33.8	-	(41 700)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised to investigate the district's water plans.		
21.7 Housing Consumer Education Fund		
Opening balance	-	32 167
Correction of error - Note 33.8	-	(32 167)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	0
The Housing Consuming Education Grant was used for public awareness programs.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2015 R	2014 R
21.8		
<u>LGESTA:Re-Imbursements</u>		
Opening balance	911 224	1 128 101
Grants received	153 794	131 015
VAT on Grants	-	-
Conditions met - Operating	(432 470)	(347 892)
Conditions met - Capital	-	-
Conditions still to be met	<u>632 548</u>	<u>911 224</u>
Grant is utilised for training purposes of municipal staff.		
21.9		
<u>LGSETA: LED Learnership</u>		
Opening balance	-	9 164
Correction of error - Note 33.8	-	(9 164)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>0</u>
Grant is utilised for training purposes of municipal staff.		
21.10		
<u>Human Rights Programme</u>		
Opening balance	-	53 797
Correction of error - Note 33.8	-	(49 197)
Grants received	-	-
VAT on Grants	-	(565)
Conditions met - Operating	-	(4 035)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>0</u>
Grant utilised for the promotion of human rights within the region.		
21.11		
<u>Sports Grounds: Haarlem</u>		
Opening balance	-	8 678
Correction of error - Note 33.8	-	(8 678)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
Grant utilised for purchase of sports grounds in Haarlem.		
21.12		
<u>Libraries Grant - Facilities</u>		
Opening balance	-	77 506
Correction of error - Note 33.8	-	(77 506)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>(0)</u>
The grant was used for appointment of library staff.		
21.13		
<u>Non-Motorised Transport</u>		
Opening balance	-	2 442
Correction of error - Note 33.8	-	(2 442)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
Grant utilised of building sub-roads for bicycles and pedestrians.		
21.14		
<u>Bucket system Elimination Schools/Clinic</u>		
Opening balance	128 417	128 417
Grants received	-	-
VAT on Grants	(4 605)	-
Conditions met - Operating	(47 495)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>76 317</u>	<u>128 417</u>
Grant utilised for replacing bucket system with VIP toilets.		
21.15		
<u>LG: Bulk Water and Waste Water infrastructure</u>		
Opening balance	-	62 850
Correction of error - Note 33.8	-	(62 850)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
Grant utilised for bulk infrastructure investigations.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21

GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2015 R	2014 R
21.16		
<u>Expanded Public Works Incentives</u>		
Opening balance	-	(83 579)
Correction of error - Note 33.8	-	83 579
Grants received	1 000 000	1 000 000
VAT on Grants	-	-
Conditions met - Operating	(1 000 000)	(1 000 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant is utilised for job creation.		
21.17		
<u>Task Contributions - Municipalities</u>		
Opening balance	86 460	(50 247)
Grants received	290 400	274 000
Debtor	32 800	-
VAT on Grants	(4 417)	(3 594)
Conditions met - Operating	(175 929)	(133 699)
Conditions met - Capital	(27 511)	-
Conditions still to be met	201 804	86 460
Grant utilised for the funding of the TASK unit.		
21.18		
<u>WFW: Brandwacht 2010/11</u>		
Opening balance	-	-
Grants received	-	643 067
VAT on Grants	-	(19 724)
Conditions met - Operating	-	(623 344)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for the eradication of alien vegetation.		
21.19		
<u>WFW: Great - Brak 2010/11</u>		
Opening balance	-	-
Grants received	-	942 108
VAT on Grants	-	(31 811)
Conditions met - Operating	-	(910 297)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for the eradication of alien vegetation.		
21.20		
<u>WFW: Karatara 2010/11</u>		
Opening balance	-	-
Grants received	-	475 542
VAT on Grants	-	(5 837)
Conditions met - Operating	-	(469 706)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for the eradication of alien vegetation.		
21.21		
<u>WFW: Knysna 2010/11</u>		
Opening balance	-	-
Grants received	-	44 718
VAT on Grants	-	(729)
Conditions met - Operating	-	(43 989)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for the eradication of alien vegetation.		
21.22		
<u>WFW: Moordkuyl 2010/11</u>		
Opening balance	-	-
Grants received	-	414 726
VAT on Grants	-	(21 768)
Conditions met - Operating	-	(392 958)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for the eradication of alien vegetation.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2015 R	2014 R
21.23	<u>WC FMG Assistance</u>		
	Opening balance	73 516	550 000
	Grants received	-	-
	VAT on Grants	-	(21 673)
	Conditions met - Operating	-	(454 811)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>73 516</u>	<u>73 516</u>
21.24	<u>DWA: Abstraction Validation on Bitou</u>		
	Opening balance	35 589	35 589
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	<u>35 589</u>	<u>35 589</u>
21.25	<u>DWAF: Chemical Water Sampling</u>		
	Opening balance	-	(7 248)
	Correction of error - Note 33.4	-	248 559
	Grants received	-	126 801
	VAT on Grants	-	(45 178)
	Conditions met - Operating	-	(322 834)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>-</u>	<u>-</u>
21.26	<u>RBIG & DBSA: Bulk Water Studies</u>		
	Opening balance	633 910	(102 600)
	Correction of error	-	-
	Grants received	-	2 904 935
	VAT on Grants	-	(192 693)
	Conditions met - Operating	-	(1 975 732)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>633 910</u>	<u>633 910</u>
21.27	<u>Integrated Transport</u>		
	Opening balance	138 559	-
	Grants received	1 800 000	604 000
	VAT on Grants	-	(100 346)
	Conditions met - Operating	-	(365 095)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>1 938 559</u>	<u>138 559</u>
21.28	<u>Municipal Disaster Recovery</u>		
	Opening balance	-	-
	Grants received	27 432 000	6 584 000
	VAT on Grants	-	-
	Conditions met - Operating	(25 607 055)	(6 584 000)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>1 824 945</u>	<u>-</u>
21.29	<u>Mandela Memorial Celebrations</u>		
	Opening balance	136 250	-
	Grants received	-	150 000
	VAT on Grants	-	-
	Conditions met - Operating	-	(13 750)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>136 250</u>	<u>136 250</u>
21.30	<u>Braille Project</u>		
	Opening balance	11 645	-
	Grants received	-	15 000
	VAT on Grants	-	(412)
	Conditions met - Operating	-	(2 943)
	Conditions met - Capital	-	-
	Conditions still to be met	<u>11 645</u>	<u>11 645</u>
21.31	<u>WC FMG Allocations</u>		
	Opening balance	500 000	-
	Grants received	880 300	500 000
	VAT on Grants	(79 550)	-
	Conditions met - Operating	(878 747)	-
	Conditions met - Capital	(18 051)	-
	Conditions still to be met	<u>403 952</u>	<u>500 000</u>

EDEN DISTRICT MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

21

21.32 Nelson Mandela Biosphere Reserve Project

Opening balance	-	-
Grants received	90 000	-
VAT on Grants	-	-
Conditions met - Operating	(52 000)	-
Conditions met - Capital	-	-
Conditions still to be met	38 000	-

21.33 Study: Implementation alternative Solid Waste Tech

Opening balance	-	-
Grants received	639 500	-
VAT on Grants	(116 355)	-
Conditions met - Operating	(831 105)	-
Conditions met - Capital	-	-
Conditions still to be met	(307 960)	-

21.34 RGIB & Bulk and Waste Water Infrastructure

Opening balance	-	-
Grants received	1 933 648	-
VAT on Grants	(268 489)	-
Conditions met - Operating	(1 917 781)	-
Conditions met - Capital	-	-
Conditions still to be met	(252 622)	-

21.35 TOTAL GRANTS

Opening balance	8 176 225	7 241 595
Correction of Error - Note 33.8 & 33.4	-	48 434
Repaid to National Revenue Fund	(59 000)	-
Grants received	170 500 643	146 618 912
Debtor	32 800	-
VAT on Grants	(634 045)	(602 743)
Conditions met - Operating	(166 976 507)	(144 937 862)
Correction of Error - Transferred to Capital	-	-
Correction of Error - Transferred from Operating	-	-
Conditions met - Capital	(142 627)	(192 114)
Conditions still to be met	10 897 487	8 176 225

See Annexure B for detailed summary of unspent grants and subsidies.

24.1 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years, except for the equitable share allocation which will increase as a result of the abolishment of the RSC Levies.

22 DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES

	2015 R	2014 R
Department of Transport - Roads Service Charges	121 630 524	125 078 551
Income for agency services	13 785 600	12 634 356
	135 416 124	137 712 907

Income for agency services is determined at a rate 3% on re-surfacing and the rest 12%.

23 OTHER INCOME

Borrow Pits	106 572	-
Call Centre Mosselbay	527 325	468 903
Fire Fighting fees	1 988 352	4 749 187
George Municipality - Support fire fighting services	-	281 798
Greenest Municipality Award	120 000	120 000
Harvesting Plantation	-	174 526
Health Claims	309 648	491 116
Hotline Income	17 250	-
IT Shared Services District	1 020 942	875 200
Resorts	5 617 092	5 119 771
Sundry Income	721 298	567 616
Tariffs And Penalties: Health	215 046	183 246
Total Other Income	10 643 525	13 031 363

24 EMPLOYEE RELATED COSTS

	2015 R	2014 R
Employee related costs- Salaries and Wages	57 224 787	53 857 700
Employee related costs - Contribution for UIF, pensions and medical aids	18 603 957	17 682 192
Previously reported	-	18 050 489
Correction of error - PAYE allocations - Note 33.11	-	(368 297)
Grant funded employee related costs	2 188 559	2 209 981
Travel, motor car, accommodation, subsistence and other allowances	8 057 520	8 077 721
Housing benefits and allowances	644 159	535 558
Overtime payments	1 367 034	886 608
Previously reported	-	800 819
Correction of error - PAYE allocations - Note 33.11	-	85 789
Performance bonus	335 823	121 907
Leave Payment	396 575	532 570
Leave Bonus	4 183 903	4 034 415
Increase in Provision for Health Care Benefits	4 583 015	3 674 230
Increase in Provision for Long Service Awards	567 457	783 857
Decrease in Provision for Ex-Gratia Pensions	(58 269)	(93 584)
Long-service awards	-	-
Total Employee Related Costs	98 094 520	92 303 155

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
EMPLOYEE RELATED COSTS (CONTINUED)

24

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager (G Louw)

	2015 R 12 Months	2014 R 12 Months
Annual Remuneration	1 083 478	1 057 852
Performance Bonuses	180 287	292 874
Telephone Allowance	33 000	-
Car Allowance	178 500	167 220
Contributions to UIF, Medical and Pension Funds	113 228	109 810
Total	1 588 493	1 627 756

Remuneration of the Chief Finance Officer: L Hoek

	2015 R 12 Months	2014 R 12 Months
Annual Remuneration	695 950	593 851
Performance Bonuses	-	-
Telephone Allowance	7 360	-
Annual Bonus	-	48 419
Car Allowance	129 662	129 662
Contributions to UIF, SDL, Medical and Pension Funds	165 028	148 218
Total	998 000	920 150

Remuneration of the Executive Director Support Services: B Holtshauzen

	2015 R 12 Months	2014 R 12 Months
Annual Remuneration	784 800	713 477
Performance Bonuses	77 266	21 000
Telephone Allowance	3 200	-
Leave Paid	63 205	-
Car Allowance	107 795	101 493
Contributions to UIF, Medical and Pension Funds	138 810	129 763
Total	1 175 076	965 733

Remuneration of the Executive Director Management Services: C Africa

	2015 R 12 Months	2014 R 12 Months
Annual Remuneration	728 950	693 958
Housing Allowance	84 000	106 241
Car Allowance	72 600	84 000
Performance Bonuses	106 241	-
Acting Allowance	3 317	-
Telephone Allowance	2 400	-
Contributions to UIF, Medical and Pension Funds	145 855	72 600
	-	138 490
Total	1 143 363	1 095 289

Remuneration of the Senior Manager Roads: JC Ottervanger

	2015 R 12 Months	2014 R 12 Months
Annual Remuneration	613 603	561 120
Long service award	-	22 706
Housing Allowance	2 568	2 772
Car Allowance	130 693	130 693
Acting Allowance	4 800	-
Contributions to UIF, Medical and Pension Funds	149 443	139 704
Total	901 107	856 994

25 **EMPLOYEE RELATED COST - ROADS**

	2015 R	2014 R
Employee related costs- Salaries and Wages	37 430 079	36 631 260
Employee related costs - Contribution for UIF, pensions and medical aids	13 776 014	12 857 500
Travel, motor car, accommodation, subsistence and other allowances	1 587 592	1 619 965
Housing benefits and allowances	433 475	417 105
Overtime payments	357 161	710 053
Performance bonus	-	-
Leave Payment	792 193	915 205
Leave Bonus	3 056 914	3 073 584
Total Employee Related Costs	57 433 427	55 224 672

26 **REMUNERATION OF COUNCILLORS**

	2015 R	2014 R
Remuneration	5 340 606	5 032 028
Travel Allowances	1 466 333	1 386 789
Car Allowance	64 222	-
Telephone Allowances	313 020	318 409
Pension Contributions	129 273	131 393
Medical Contributions	211 136	159 277
Total Councillor's Remuneration	7 524 590	7 027 896

Van der Westhuizen VI - Executive Mayor

Remuneration	407 982	381 706
Travel Allowances	197 398	141 885
Total	605 380	523 591

Esau LBC - Deputy Executive Mayor

Remuneration	282 362	264 840
Travel Allowances	103 128	94 115
Total	385 490	358 955

Nayler T - Speaker

Remuneration	383 049	280 424
Travel Allowances	15 635	92 844
Total	398 684	373 268

Du Toit J - Mayoral Committee Member

Remuneration	208 079	212 007
Travel Allowances	-	71 169
Car Allowance	64 222	-
Telephone Allowances	-	6 230
Total	272 301	289 406

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REMUNERATION OF COUNCILLORS (CONTINUED)

26

	2015 R	2014 R
Koegelenberg JJA - Mayoral Committee Member		
Remuneration	419 641	396 305
Travel Allowances	162 672	131 963
Telephone Allowances	20 868	20 868
	<u>603 181</u>	<u>549 136</u>
Maxim J - Mayoral Committee Member		
Remuneration	241 375	222 004
Travel Allowances	102 404	86 173
Medical Contributions	33 521	22 526
	<u>377 300</u>	<u>330 703</u>
May SF - Mayoral Committee Member		
Remuneration	419 641	397 777
Travel Allowances	139 881	131 963
Telephone Allowances	20 868	20 868
	<u>580 390</u>	<u>550 608</u>
McCombi HJ - Mayoral Committee Member		
Remuneration	364 873	366 763
Travel Allowances	154 225	159 240
Telephone Allowances	20 868	20 868
Medical Contributions	56 698	33 516
	<u>596 664</u>	<u>580 387</u>
Simmers T - Mayoral Committee Member		
Remuneration	416 494	396 794
Travel Allowances	150 412	144 732
Telephone Allowances	20 868	20 868
Medical Contributions	4 214	-
	<u>591 988</u>	<u>562 394</u>
Ngalo CN - Councillor		
Remuneration	205 348	194 697
Telephone Allowances	20 868	20 868
Medical Contributions	18 460	18 238
	<u>244 676</u>	<u>233 803</u>
Waxa V - Councillor		
Remuneration	103 010	98 955
Travel Allowances	55 952	52 785
Telephone Allowances	20 868	20 868
Pension Contributions	18 542	17 812
Medical Contributions	45 217	40 629
	<u>243 589</u>	<u>231 049</u>
Mbali MM - Councillor		
Remuneration	8 260	7 792
Travel Allowances	2 083	6 666
Pension Contributions	-	7 792
Medical Contributions	-	1 180
	<u>10 343</u>	<u>23 430</u>
Ndayi N - Councillor		
Remuneration	8 260	7 792
Travel Allowances	9 864	8 068
	<u>18 124</u>	<u>15 860</u>
Bityi NA - Councillor		
Remuneration	193 538	182 650
Telephone Allowances	20 868	20 868
Pension Contributions	29 031	27 397
	<u>243 437</u>	<u>230 915</u>
Boolsen NC- Councillor		
Remuneration	8 583	7 792
Travel Allowances	8 354	7 125
	<u>16 937</u>	<u>14 917</u>
Fielies M- Councillor		
Remuneration	193 538	182 650
Telephone Allowances	20 868	20 868
Pension Contributions	29 031	27 397
	<u>243 437</u>	<u>230 915</u>
Floors HJ- Councillor		
Remuneration	167 856	158 355
Travel Allowances	61 892	52 786
Telephone Allowances	20 868	20 868
	<u>250 616</u>	<u>232 009</u>
Gerber JJ- Councillor		
Remuneration	8 260	7 792
Travel Allowances	3 869	9 722
	<u>12 129</u>	<u>17 514</u>

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

26

REMUNERATION OF COUNCILLORS (CONTINUED)

	2015 R	2014 R
Janse van Rensburg JG - Councillor		
Remuneration	167 856	158 355
Travel Allowances	76 843	52 785
Telephone Allowances	20 868	20 868
	<u>265 567</u>	<u>232 008</u>
Mbandezi SS - Councillor		
Remuneration	8 260	7 792
Travel Allowances	2 147	1 187
	<u>10 407</u>	<u>8 979</u>
Meshoa WP - Councillor		
Remuneration	21 979	34 613
Travel Allowances	8 110	12 651
	<u>30 089</u>	<u>47 264</u>
Mkalipi NP - Councillor		
Remuneration	195 829	189 203
Travel Allowances	19 342	-
Telephone Allowances	20 868	20 868
Medical Contributions	27 979	21 937
	<u>264 018</u>	<u>232 008</u>
Niehaus GC - Councillor		
Remuneration	23 608	22 282
Travel Allowances	1 816	-
	<u>25 424</u>	<u>22 282</u>
Qupe LN - Councillor		
Remuneration	22 700	25 710
Travel Allowances	1 816	-
	<u>24 516</u>	<u>25 710</u>
Skietekat CM - Councillor		
Remuneration	224 208	211 140
Travel Allowances	17 108	-
Telephone Allowances	20 868	20 868
	<u>262 184</u>	<u>232 008</u>
Tanda NM - Councillor		
Remuneration	193 538	182 650
Telephone Allowances	20 868	20 868
Pension Contributions	29 031	27 397
	<u>243 437</u>	<u>230 915</u>
Teyisi T - Councillor		
Remuneration	23 608	21 425
Travel Allowances	1 816	-
	<u>25 424</u>	<u>21 425</u>
Van de Hoven PJ - Councillor		
Remuneration	35 412	38 565
Travel Allowances	1 816	-
	<u>37 228</u>	<u>38 565</u>
Van Rensburg D - Councillor		
Remuneration	8 260	7 792
Travel Allowances	8 201	8 194
	<u>16 461</u>	<u>15 986</u>
Xego D - Councillor		
Remuneration	165 844	157 322
Travel Allowances	73 745	67 741
Telephone Allowances	20 868	20 868
Pension Contributions	23 638	23 598
Medical Contributions	25 047	21 251
	<u>309 142</u>	<u>290 780</u>
Abrahams D - Councillor		
Remuneration	16 484	20 735
Travel Allowances	8 281	4 508
	<u>24 765</u>	<u>25 243</u>

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

26

REMUNERATION OF COUNCILLORS (CONTINUED)

	2015 R	2014 R
Johannes R - Councillor		
Remuneration	16 484	19 913
Travel Allowances	14 563	11 137
	<u>31 047</u>	<u>31 050</u>
Linden PDD - Councillor		
Remuneration	-	17 595
Travel Allowances	-	-
Telephone Allowances	-	1 739
	<u>-</u>	<u>19 334</u>
Kamfer D - Councillor		
Remuneration	167 856	149 841
Travel Allowances	57 854	37 350
Telephone Allowances	20 868	18 288
	<u>246 578</u>	<u>205 479</u>
De Vries SF - Councillor		
Remuneration	5 844	-
Travel Allowances	2 458	-
	<u>8 302</u>	<u>-</u>
Wagenaar M - Councillor		
Remuneration	2 687	-
Travel Allowances	2 648	-
	<u>5 335</u>	<u>-</u>

In-kind benefits

The Mayor may utilise official Council transportation when engaged in official duties.

Remuneration of political office bearers and councillors

Remuneration of political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

27

DEPRECIATION

	2015 R	2014 R
Property, Plant and Equipment	2 550 958	3 904 752
Balance previously reported	-	3 875 501
Correction of Error Removal of incorrect classifications - Note 33.1	-	(1 459)
Correction of assets previously disposed now found - Note 33.1	-	30 710
	<u>133 532</u>	<u>228 481</u>
Investment Property		
Balance previously reported	-	226 052
Correction of Error Removal of incorrect classifications - Note 33.2	-	1 459
Correction of Depreciation of Investment Property identified for the first time - 33.2	-	970
	<u>-</u>	<u>228 481</u>
	<u>2 684 490</u>	<u>4 133 232</u>

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

28	REPAIRS AND MAINTENANCE		
	Buildings	637 338	901 278
	Previously reported	-	912 465
	Correction of error - incorrect provision for trade payables - Note 33.3	-	(11 188)
	Electricity	47 164	31 681
	Equipment	1 044 312	833 113
	Previously reported	-	835 284
	Correction of error - incorrect provision for trade payables - Note 33.3	-	(2 170)
	Fleet Vehicles	428 612	56 965
	General Maintenance & Complaints	234 650	177 099
	Previously reported	-	178 293
	Correction of error - incorrect provision for trade payables - Note 33.3	-	(1 194)
	Plant	877 869	1 403 065
	Previously reported	-	1 406 642
	Correction of error - incorrect provision for trade payables - Note 33.3	-	(3 577)
	Swimming pool	105 964	-
	Radio/Transmitter Station	14 550	141 554
	Water Works	6 139	16 063
		3 396 598	3 560 817
29	FINANCE CHARGES		
	Long-term liabilities	205 735	369 631
	Previously reported	-	369 631
	Correction of error - SARS penalties & interest - Note 33.6	-	-
	Water and Electricity	10 530	-
	A Lamont	4 084	-
	SARS	14 912	322 726
	Previously reported	-	334 826
	Correction of error - SARS penalties & interest - Note 33.6	-	(12 100)
	Total Interest on External Borrowings	235 261	692 357
30	CONTRACTED SERVICES		
		2015	2014
		R	R
	Asset Verification: BAUD	192 309	230 421
	Assistance: Year-end procedures	1 767 584	1 078 788
	Disaster Management	99 639	7 670
	DWAF Chemical Water Sampling	50 969	322 934
	Environmental Management: Studies & other services	130 586	67 332
	Fax Machines, Copiers & Maintenance Agreements	209 165	21 735
	Balance previously reported	-	21 735
	Correction of error - Note 33.11	-	-
	Fire Fighting Services	3 729 709	5 409 041
	Financial Management Assistance	878 747	154 811
	Furniture Removal	133 943	14 109
	Integrated Transport	-	351 660
	Internal Audit Training	-	8 947
	Laboratory Tests	260 960	269 838
	Balance previously reported	-	271 529
	Correction of error - Note 33.11	-	(1 691)
	Laundry Services	84 254	32 782
	Balance previously reported	-	32 807
	Correction of error - Note 33.11	-	(25)
	License & Support Agreements	1 280 434	1 309 566
	Balance previously reported	-	1 384 157
	Correction of error - Note 33.11	-	(74 591)
	LG SETA & TASK	-	386 016
	Maintenance Plans	333 512	255 709
	Management Training	110 705	348 415
	RBIG & DBSA Bulk Water Studies	1 917 781	1 975 732
	Balance previously reported	-	1 975 732
	Correction of error - Note 33.11	-	-
	Security Services	1 136 216	62 660
	Tourism	55 838	52 583
	Work for Water	-	1 372 872
		12 372 352	13 731 619
31	ROADS - OPERATING EXPENDITURE		
		2015	2014
		R	R
	Plant Hire	-	-
	General Expenses	62 881 758	65 826 969
	Repairs and Maintenance	-	275 077
	Contributions to Capital	1 315 340	3 751 833
		64 197 098	69 853 879
32	GENERAL EXPENSES		
	Included in general expenses are the following: -		
	Advertisements	483 919	415 442
	Balance previously reported	-	418 412
	Correction of error - Note 33.11	-	(2 970)
	Audit Fees	2 367 931	2 596 604
	Bank Charges	146 148	122 287
	Computer Programs	-	60 930
	Contribution Full time Shopsteward	24 543	53 032
	Balance previously reported	-	10 120
	Correction of error - Note 33.11	-	42 912
	Courier Services	910	-
	Deeds	11 984	2 208
	Disposable Equipment	-	2 368

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
GENERAL EXPENSES (CONTINUED)

	2015 R	2014 R
Domestic Expenses	292 219	308 372
Balance previously reported	-	308 679
Correction of error - Note 33.11	-	(307)
Employee Support	23 750	38 038
Entertainment Allowances	35 632	36 158
External Audit Committee	138 722	143 888
Health Advisory Committee	965	1 754
Herbicides	-	22 200
Health Education	12 557	21 211
Inventory Items	-	16 457
Insurance	756 578	621 539
Laboratory Test	676 595	478 369
Balance previously reported	-	484 546
Correction of error - Note 33.11	-	(6 177)
Laundry Service	145 895	143 741
Legal Fees	1 251 730	959 775
License fees	64 641	9 615
Material	2 650	24 446
Membership fees	1 083 303	907 229
Balance previously reported	-	970 371
Correction of error - Note 33.11	-	(63 142)
OPCAR - GRAP	-	691 547
Operating Projects	2 434 172	1 309 549
Balance previously reported	-	1 320 346
Correction of error - Note 33.11	-	(10 798)
Personnel Contribution Mission Street Plant	557 040	527 500
	1 193 172	990 009
Balance previously reported	-	996 665
Correction of error - Note 33.11	-	(6 556)
Postage/ Post Box Rental	37 278	29 737
Printing & Stationery	1 023 043	1 050 586
Balance previously reported	-	1 051 149
Correction of error - Note 33.11	-	(563)
Protective Clothing	293 461	386 365
Balance previously reported	-	387 117
Correction of error - Note 33.11	-	(752)
Public Relations	7 290	11 465
Purchases Mattresses	50 254	25 842
Rates & Taxes	462 055	623 983
Balance previously reported	-	635 310
Correction of error - Note 33.11	-	(11 328)
Refreshments	26 361	47 431
Registration Fees: Congresses	55 454	19 805
Rent	465 112	327 294
Rent Disaster Centre Equipment	318 399	810 240
Balance previously reported	-	816 444
Correction of error - Note 33.11	-	(6 204)
Repayment: Eden Employee s (3G)	-	(28 238)
Road Reserve	-	442 972
Security	101 657	109 148
Services Accounts	2 851 904	1 898 117
Balance previously reported	-	1 899 221
Correction of error - Note 33.11	-	(1 104)
Skills Development Levy	726 689	689 252
Strategic Planning	32 063	26 863
Study Assistance	296 070	232 987
Subsistence & Travel	1 206 247	1 081 127
Sundry Expenses	231 038	159 365
Sundry Expenses - Grant funded	25 607 055	7 574 523
Telephone/Data lines	2 914 401	2 805 827
Training	722 489	879 471
Balance previously reported	-	880 471
Correction of error - Note 33.11	-	(1 000)
Valuation Fees	54 900	-
Vermin Control	-	63
Wreaths & Bouquets	26 094	11 853
Year-end Function	39 800	39 590
	49 254 070	29 759 936

33 CORRECTION OF ERROR IN TERMS OF GRAP 3

During the current financial year, the municipality had corrected the following prior period errors:

	2014 Cost R	2013 Cost R
Property Plant and Equipment		
<i>Balance previously reported - 30 June</i>	327 270 737	356 747 862
Correction of assets previously disposed now found - Note 11 & 33.11	51 561	-
Correction of assets identified for the first time - Note 11 & 33.10	413 477	413 477
Correction of Error Removal of incorrect classifications - Note 11, 12 & 33.10	(670 000)	(670 000)
Restated Balance	327 065 775	356 491 340

Property Plant and Equipment

	2014 Accumulated Depreciation R	2013 Accumulated Depreciation R
<i>Balance previously reported - 30 June</i>	32 351 096	29 769 321
Correction of assets previously disposed now found - Note 11 & 33.11	35 316	-
Correction of assets identified for the first time - Note 11, 33.10 & 33.11	192 852	166 078
Correction of Error Removal of incorrect classifications - Note 11, 33.10 & 33.11	(11 152)	(9 693)
Restated Balance	32 568 112	29 925 707

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

	Cost 2014 R	Cost 2013 R
33.2 Investment Property		
<i>Balance previously reported - 30 June</i>	172 567 500	175 150 000
Correction of Error Removal of incorrect classifications - Note 11, 12 & 33.10	670 000	670 000
Correction of assets identified for the first time - Note 12 & 33.10	102 140	102 140
Correction of Error Incorrect Cost Price - Note 11, 12, 33.10 & 33.11	113 776	113 776
Restated Balance	173 453 415	176 035 915
	Accumulated Depreciation R	Accumulated Depreciation R
<i>Balance previously reported - 30 June</i>	1 902 466	1 793 539
Correction of Error Removal of incorrect classifications - Note 12, 33.10 & 33.11	11 152	9 693
Correction of assets identified for the first time - Note 12, 33.10 & 33.11	6 798	5 828
Restated Balance	1 920 416	1 809 060
	2014 R	2013 R
33.3 Payables from exchange transactions		
<i>Balance previously reported - 30 June</i>	21 818 059	37 763 637
Correction of incorrect provision made regarding DMA properties - Note 8, 33.10 & 33.11	(23 149)	(11 821)
Correction of public holiday payments made using an incorrect formula - Note 8, 33.10 & 33.11	310 789	278 914
Correction provision for trade payables: Contribution to shopstewards - Note 8 & 33.11	42 912	-
Correction provision for trade payables: Contribution to shopstewards - Note 8 & 33.11	8 561	-
Correction of incorrect provision for trade payables - Note 8 & 33.11	(312 997)	-
Correction of overstatement of provision for trade payables - Note 8 & 33.11	(12 123)	-
Correction of overstatement of output tax - Note 8 & 33.10	(2 281 838)	(2 281 838)
Restated Balance	19 550 216	35 748 892
	R	R
33.4 Other Receivables from Non-Exchange Transactions		
<i>Balance previously reported - 30 June</i>	2 005 720	2 924 232
Correction of provision for bad debts - Note 18 & 33.11	(248 559)	-
Correction of DWAF Debtor - Note 9, 18, 21.25 & 33.11	248 559	-
Correction of overpayment of SALGA membership fees - Note 33.11 & 18	63 142	-
Correction of double payment made in previous financial year - Note 18 & 33.11	31 006	-
Correction of Netcare payment - Note 18 & 33.10	(7 500)	(7 500)
Correction of incorrect provision for trade payables - Note 18 & 33.11	(217 380)	-
Correction of classification of Department of Transport debtors - Note 18, 33.10 & 33.11	691 746	323 450
Restated Balance	2 566 735	3 240 182
	R	R
33.5 Other Receivables from Exchange Transactions		
<i>Balance previously reported - 30 June</i>	14 440 466	3 369 981
Correction of incorrect billings with regards to rental properties - Note 17 & 33.11	(1 200)	-
Correction of incorrect billings with regards to rental properties - Note 17, 33.10 & 33.11	(474 422)	(208 067)
Correction of incorrect billings with regards to rental properties - Note 17 & 33.10	(1 204 491)	(1 204 491)
Correction of incorrect billings with regards to rental properties - Note 17, 33.10 & 33.11	19 600	15 974
Correction of incorrect billings with regards to rental properties - Note 17, 33.10 & 33.11	(9 210)	(5 711)
Correction of incorrect billings with regards to rental properties - Note 17 & 33.11	(31 637)	-
Correction of incorrect billings with regards to rental properties - Note 17, 33.10 & 33.11	113 039	52 739
Correction of error overprovision of bad debt on debtors - Note 17 & 33.11	1 443 462	-
Correction of incorrect billings with regards to rental properties - Note 17, 33.10 & 33.11	(149 945)	(60 406)
Restated Balance	14 145 662	1 960 020
	R	R
33.6 VAT Receivable		
<i>Balance previously reported - 30 June</i>	1 483 452	1 453 089
Correction of SARS audit adjustment - Note 10, 33.10 & 33.11	(52 478)	(52 478)
Correction of incorrect VAT treatment on 2012-2013 provision for trade payables - Note 10 & 33.10	40 217	40 217
Correction of VAT incorrectly allocated to expense vote - Note 10 & 33.11	2 170	-
Correction of error - interest paid to SARS - Note 10, 33.10 & 33.11	363 670	328 989
Correction of interest and penalties - Note 10 & 33.11	(22 581)	-
Correction of overstatement on provision for Trade Payables - Note 10 & 33.11	(1 489)	-
Correction of error - incorrect billings with regards to rental properties - Note 10, 33.10 & 33.11	18 414	7 418
Correction of error - incorrect billings with regards to rental properties - Note 10 & 33.11	147	-
Restated Balance	1 831 524	1 777 236
	R	R
33.7 Cash and Cash Equivalents		
<i>Balance previously reported - 30 June</i>	4 683 695	78 938 189
Correction of Standard Bank interest received - Note 20 & 33.11	7 000	-
Restated Balance	4 690 695	78 938 189

EDEN DISTRICT MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

33		R	R
		2014	2013
33.8	Conditional Grant & Receipts		
	<i>Balance previously reported - 30 June</i>	8 127 791	7 592 012
	Correction of Unspent Conditional Grant: Human Rights Programme - Note 21	(49 197)	(49 197)
	Correction of Unspent Conditional Grant: Sportsground Haarlem - Note 21	(8 678)	(8 678)
	Correction of Unspent Conditional Grant: LG Bulk Water & Waste Water - Note 21	(62 850)	(62 850)
	Correction of Unspent Grant: DWAF Chemical Water Sampling - Note 21	248 559	
	Correction of Unspent Conditional Grant: Expanded Public Works Incentives - Note 21	83 579	83 579
	Correction of Unspent Conditional Grant: Non-motorised Transport - Note 21	(2 442)	(2 442)
	Correction of Unspent Conditional Grant: Library Services - Note 21	(77 506)	(77 506)
	Correction of Unspent Conditional Grant: Donation funds National Water - Note 21	(41 700)	(41 700)
	Correction of Unspent Conditional Grant: LGSETA LED Learnerships - Note 21	(9 164)	(9 164)
	Correction of Unspent Conditional Grant: Housing Consumer Education - Note 21	(32 167)	(32 167)
	Restated Balance	8 176 225	7 391 887
33.9	Intangible Assets		
		R	R
		2014	2013
		Accumulated Depreciation	Accumulated Depreciation
	<i>Balance previously reported - 30 June</i>	1 964 224	2 894 828
	Correction of assets previously disposed now found - Note 13 & 33.11	11 738	
	Correction of assets identified for the first time - Note 13, 33.10 & 33.11	14 571	11 930
	Restated Balance	1 990 532	2 906 758
33.10	Accumulated Surplus/(Deficit)		R
	Correction of incorrect billings with regards to rental properties - Note 33.5		52 739
	Correction of incorrect billings with regards to rental properties - Note 33.5		(5 711)
	Correction of incorrect billings with regards to rental properties - Note 33.5		(52 988)
	Correction of incorrect VAT treatment on the 2012-2013 provision for trade payables - Note 33.6		40 217
	Correction of Cost of Property, Plant and Equipment identified for the first time - Note 33.1		413 477
	Correction of Cost of Investment Property identified for the first time - Note 33.2		102 140
	Correction of Cost of Intangible Assets identified for the first time - Note 33.13		27 775
	Correction of Accumulated Depreciation of Property, Plant and Equipment identified for the first time - Note 33.1		(166 078)
	Correction of Accumulated Depreciation of Investment Property identified for the first time - Note 33.2		(5 828)
	Correction of Accumulated Amortisation of Intangible Assets identified for the first time - Note 33.9		(11 930)
	Correction of Incorrect Cost Price of Investment Property - Note 33.2		113 776
	Correction of incorrect billings with regards to rental properties - Note 33.5		15 974
	Correction of incorrect billings with regards to rental properties - Note 33.5		(208 067)
	Correction of incorrect billings with regards to rental properties - Note 33.5		(1 204 491)
	Correction of Unspent Conditional Grant: Expanded Public Works Incentives - Note 33.8		(83 579)
	Correction of Workmen Compensation paid for the Department of Roads - Note 33.4		323 450
	Correction of SARS audit adjustment - Note 33.6		(52 478)
	Correction of error - interest paid to SARS - Note 33.6		328 989
	Correction of Unspent Conditional Grant: Human Rights Programme - Note 33.8		49 197
	Correction of Unspent Conditional Grant: Sportsground Haarlem - Note 33.8		8 678
	Correction of Unspent Conditional Grant: LG Bulk Water & Waste Water - Note 33.8		62 850
	Correction of Netcare payment - Note 33.4		(7 500)
	Correction of Unspent Conditional Grant: Non-motorised Transport - Note 33.8		2 442
	Correction of Unspent Conditional Grant: Library Services - Note 33.8		77 506
	Correction of Unspent Conditional Grant: Donation funds National Water - Note 33.8		41 700
	Correction of Unspent Conditional Grant: LGSETA LED Learnerships - Note 33.8		9 164
	Correction of Unspent Conditional Grant: Housing Consumer Education - Note 33.8		32 167
	Correction of incorrect provisions made with regards to DMA properties - Note 33.3		11 821
	Correction of error provision for Firefighting shift allowances - Note 33.13		(1 183 704)
	Correction of incorrect public holiday payment due to incorrect formula used - Note 33.3		(278 914)
	Correction of overstatement of output tax - Note 33.3		2 281 838
	Total amount credited/(debited) to accumulated surplus due to implementation of GRAP		734 633
33.11	Changes to Statement of Financial Performance		R
	Correction of incorrect billings with regards to rental properties - Note 33.5		60 300
	Correction of incorrect billings with regards to rental properties - Note 33.5		(31 637)
	Correction of incorrect billings with regards to rental properties - Note 33.5		(1 053)
	Correction of incorrect billings with regards to rental properties - Note 33.5		(3 500)
	Correction of DWAF reallocation as debtor - Note 33.4		(248 559)
	Correction of error overprovision of bad debt on debtors - Note 33.5		1 443 462
	Correction of error for staff leave provision - Note 33.14		(23 554)
	Correction of Depreciation of Property, Plant and Equipment identified for the first time - Note 33.1		(26 774)
	Correction of Depreciation of Investment Property identified for the first time - Note 33.2		(970)
	Correction of Amortisation of Intangible Assets identified for the first time - Note 33.9		(2 641)
	Correction of Depreciation of Property, Plant and Equipment Previously Disposed now Found - Note 33.1		(3 936)
	Correction of Amortisation of Intangible Assets Previously Disposed now Found - Note 33.9		(2 620)
	Correction of Profit and Loss on Disposal of Assets Previously Disposed and now Found - Note 33.1 and Note 33.9		(40 498)
	Correction of Profit and Loss on Disposal of Assets Previously Disposed and now Found - Note 33.1 and Note 33.9		76 434
	Correction of overpayment of SALGA membership fees - Note 33.4		63 142
	Correction of incorrect billings with regards to rental properties - Note 33.5		3 626
	Correction of incorrect billings with regards to rental properties - Note 33.5		(266 355)
	Correction of Standard Bank interest received - Note 33.7		7 000
	Correction of Workmen Compensation paid for the Department of Roads - Note 33.4		368 297
	Correction of overstatement of provision for Trade Payables - Note 33.3		10 634
	Correction of VAT incorrectly included in expense - Note 33.6		2 170
	Correction of incorrect provisions made with regards to DMA properties - Note 33.3		11 328
	Correction of incorrect public holiday payment due to incorrect formula used - Note 33.3		(31 875)
	Correction of interest and penalties - Note 33.6		(22 581)
	Correction of provision for trade payables: Contributions to shoptewards - Note 33.3		(8 561)
	Correction of incorrect billings with regards to rental properties - Note 33.5		(78 543)
	Correction of error - interest paid to SARS - Note 33.6		34 561
	Correction of incorrect provision for trade payables - Note 33.3		126 823
	Correction of error provision for Firefighting shift allowances - Note 33.13		(53 914)
	Correction of provision for trade payables: Contributions to shoptewards - Note 33.3		(42 912)
	Total amount credited/(debited) to Statement of Financial Performance due to implementation of GRAP		1 317 216

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

33	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)		
33.12	Intangible Assets	R	R
		2014	2013
		Cost	Cost
	<i>Balance previously reported - 30 June</i>	4 885 487	6 320 534
	Correction of assets previously disposed now found - Note 13 & 33.11	24 873	-
	Correction of assets identified for the first time - Note 13 & 33.10	27 775	27 775
	Restated Balance	4 938 135	6 348 309
33.13	Current Employee Benefits	2014	2013
		R	R
	<i>Balance previously reported - 30 June</i>	17 876 656	17 158 630
	Correction of error for staff leave provision - Note 33.11 & 6	23 554	-
	Correction of error provision for Firefighting shift allowances - Note 33.10, 33.11 & 6	1 237 618	1 183 704
	Restated Balance	19 137 828	18 342 334
34	IMPAIRMENT LOSSES	R	R
		2015	2014
	Investment properties		
	Impairments - Land	85 500 479	-
	Impairments - Buildings	84 881 250	-
		619 229	-
	Property, plant & equipment	158 789 563	23 644
	Land and Buildings	158 789 563	-
	Other	-	23 644
		244 290 042	23 644
35	ACTUARIAL (GAIN) / LOSS	2015	2014
		R	R
	Eden		
	Actuarial Gains		
	Long Service Leave Benefits	-	(106 373)
	Ex-Gratia Pension Awards	(138 714)	(266 804)
		(138 714)	(373 177)
	Actuarial Loss		
	Post Employment Health Care Benefits	4 816 174	1 900 945
	Long Service Leave Benefits	341 367	-
		5 157 541	1 900 945
36	CASH GENERATED FROM OPERATIONS	2015	2014
		R	R
	(Deficit) for the year from Continued Operations	(220 041 905)	(6 032 359)
	Adjustments for: -		
	Unamortised Discount - Expense	51 615	78 066
	Unamortised Discount - Income	-	(3 143)
	Depreciation	2 684 490	4 133 232
	Amortisation	596 504	734 341
	Grants received	170 533 443	146 618 912
	Grants recognised as revenue	(167 753 179)	(145 484 157)
	Gain on disposal of property, plant and equipment	(50 026)	-
	Loss on disposal of property, plant and equipment	465 961	31 733 283
	Impairments	244 290 042	23 644
	Contribution to Non-Current Provisions	(330 772)	274 353
	Actuarial (Gain)/Loss	6 993 781	3 331 879
	Employee benefits paid	(5 559 425)	(5 455 236)
	Contribution to employee benefits	14 285 340	12 875 976
	Bad debts written-off	(1 362 103)	(711 855)
	Contribution to bad debt provision	(2 069 744)	1 247 899
	Current employee benefits paid	(8 539 312)	(7 780 732)
	Contribution to Current Employee Benefits	8 755 907	8 388 574
	Operating deficit before working capital changes	42 892 018	43 972 878
	(Increase)/Decrease in inventory	1 144 990	(866 753)
	Increase/(decrease) in Operating Lease Liability	3 474	18 142
	(Increase)/Decrease in Operating Lease Asset	(51 230)	(29 270)
	(Increase)/Decrease in Trade Receivables from exchange transactions	1 893 474	(12 721 886)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	248 890	673 445
	Increase/(decrease) in creditors	2 487 131	(16 198 712)
	(Increase)/Decrease in VAT	(537 933)	(54 289)
	Cash generated / (utilized in) operations	48 080 815	14 793 554

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH AND CASH EQUIVALENTS

37	Cash and cash equivalents included in the cash flow statement comprise the following amounts in the statement of financial position:	2015	2014
		R	R
	Bank balances and cash	110 948 510	79 743 070
	Call deposits	134 217	1 104
	Total cash and cash equivalents	111 082 727	79 744 174
38	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2015	2014
		R	R
	Long-term liabilities (see Note 3)	691 204	2 670 408
	Used to finance property, plant and equipment - at cost	691 204	2 670 408
	Sub-total	-	-
	Cash set aside for the repayment of long-term liabilities (see note 3)	-	-
	Cash invested for repayment of long-term liabilities	-	-
	Long-term liabilities have been utilized accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.		
39	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2015	2014
		R	R
	Cash and Cash Equivalents - Note 20	111 082 727	79 744 174
	Investments - Note 14	26 027	40 774
		111 108 754	79 784 948
	Less:	11 479 688	8 194 367
	Unspent Committed Conditional Grants - Note 9	11 458 072	8 176 225
	VAT - Note 10	21 616	18 142
	Net cash resources available for internal distribution	99 629 066	71 590 581
	Allocated to:		
	Capital Replacement Reserve	(21 370 360)	(18 068 623)
	Resources available for working capital requirements	78 258 706	53 521 958
40	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
	40.1 Unauthorised expenditure	2015	2014
		R	R
	Reconciliation of unauthorised expenditure		
	Opening balance	58 818 807	14 015 310
	Unauthorised expenditure current year	236 665 803	44 803 497
	Approved by Council or condoned	-	-
	Transfer to receivables for recovery	-	-
		295 484 610	58 818 807
	The unauthorised expenditure will be presented to Council in the 2014/2015 financial year for condonation		

	2015 R	2015 R	2015 R	2015 R
	(Actual)	(Budget)	(Variance - excluding grant funded expenditure)	(Unauthorised)
Expenditure by Vote				
Executive and Council	280 819 219	74 321 000	206 498 219	206 498 219
Budget and Treasury Office	17 661 736	23 000 000	(5 338 264)	-
Corporate Services	27 662 512	30 720 000	(3 057 488)	-
Community and Social Services	-	-	-	-
Sport and Recreation	10 083 507	10 093 000	(9 493)	-
Public Safety	47 224 684	23 535 000	23 689 684	23 689 684
Health	27 953 129	30 782 000	(2 828 871)	-
Planning and Development	6 866 881	7 350 000	(483 119)	-
Road Transport	121 630 524	117 331 000	4 299 524	4 299 524
Electricity	-	-	-	-
Water	419 903	3 023 000	(2 603 097)	-
Waste Water Management	1 917 781	-	1 917 781	1 917 781
Waste Management	2 288 939	3 347 000	(1 058 061)	-
Environmental Protection	1 873 692	2 064 000	(190 308)	-
	546 402 506	325 566 000	220 836 506	236 405 208
Capital expenditure by vote				
Executive & Council	121 773	327 000	(205 227)	-
Budget and Treasury Office	121 467	6 000	115 467	115 467
Corporate Services	590 884	923 000	(332 116)	-
Community and Social Services	23 875	-	23 875	23 875
Sport & Recreation	315 069	370 000	(54 931)	-
Planning & Development	43 165	-	43 165	43 165
Public Safety	1 836 208	1 935 000	(98 792)	-
Health	78 087	-	78 087	78 087
Environmental Protection	-	53 000	(53 000)	-
Waste Management	5 711 178	5 800 000	(88 822)	-
	8 841 707	9 414 000	(572 293)	260 594

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

40

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

40.2 Fruitless and wasteful expenditure

	2015 R	2014 R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	2 293 419	1970692
Balance previously reported	-	2 299 681
Correction of error - interest paid to SARS - Note 33.6	-	(328 989)
J De Klerk	400 000	-
A Lamont	199 540	-
Interest: A Lamont	4 084	-
Interest: Municipal accounts	10 530	-
Interest: Sars Penalties and fines	14 912	330 030
Balance previously reported	-	342 130
Correction of error - Note 33.6	-	(12 100)
Recovered during 2013/2014	-	(7 303)
	<u>2 922 485</u>	<u>2 293 419</u>

Restatements to figures reported in prior years, relate to penalties and interest payable to SARS. The fruitless and wasteful expenditure for 2014/2015 relates to penalties and interest payable to SARS, interest on municipal accounts, as well as amounts settled following labour disputes with A Lamont and J de Klerk. For both of these individuals, services were terminated which led to labour disputes. The labour disputes were consequently settled in the labour court (A Lamont) and on Bargaining Council level (J de Klerk). The fruitless and wasteful expenditure will be presented to Council in the 2015/2016 financial year for condonation.

40.3 Irregular expenditure

	2015 R	2014 R
Reconciliation of irregular expenditure		
Opening balance - previously reported	29 421 396	17 793 733
Irregular expenditure current year - previously reported	-	17 793 733
Correction of error	-	-
Irregular expenditure current year	2 196 025	11 627 663
Irregular expenditure current year - previously reported	-	11 627 663
Correction of error	-	-
Condoned or written off by Council	-	-
Recovered during year	-	-
Irregular expenditure awaiting condonement	-	-
	<u>31 577 421</u>	<u>29 421 396</u>

Irregular expenditure recognised in the current year relates to transactions with suppliers with directors in the service of the state, identified by the Auditor-General during the 2013/2014 external audit cycle.

Included in the opening balance is irregular expenditure of +R7.57m relating to a forensic investigation report issued by KPMG. The necessary procedures to recover the funds amounting to +R5.4 m from the responsible officials is in process as per the Council resolution. In 2015, Schrotten and Partners Attorneys were appointed to assist with litigation. The matter has been referred to the High Court to pass judgement.

In 2015, the National Prosecution Authority has resolved that matter relating to the J Zeelie forensic investigation (relating to irregular expenditure of R456,000 incurred in prior years), will not be criminally prosecuted.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

41

	2015 R	2014 R
41.1 Contributions to organized local government		
Opening balance	-	-
Council subscriptions	51 441	57 932
Amount paid- current year	(51 441)	(57 932)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
41.2 Audit fees		
Opening balance	-	-
Current year audit fee	2 367 931	2 596 604
Amount paid - prior year	(2 367 931)	(2 596 604)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
41.3 VAT		
VAT input receivables and VAT outputs payable are shown in note 10 & 8.		
All VAT returns have been submitted by the due date throughout the year.		
41.4 PAYE AND UIF		
Opening balance	-	-
Current year payroll deductions	19 856 835	18 907 278
Amount paid - current year	(19 856 835)	(18 907 278)
Amount paid - previous years	-	-
Balance unpaid (included in debtors)	-	-
41.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	22 286 480	20 703 194
Amount paid - current year	(22 286 480)	(20 703 194)
Amount paid - previous years	-	-
Balance unpaid (included in debtors)	-	-

The balance represents medical aid contributions payable to the District Municipality by pensioners whose contributions were already paid to the medical aid. Invoices were issued to collect the outstanding amounts.

41.6 Councillor's arrear accounts

30 June 2015	Total	Outstanding less than 90 days	Outstanding more than 90 days
The following amounts are outstanding regarding travel allowances:			
AM Wädeman	691 774	-	691 774
JL Hartnick	469 804	-	469 804
J Bouwer	324 216	-	324 216
JMG Bekker	271 226	-	271 226
PJ Roodman	239 112	-	239 112
SCP Biljohn	95 708	-	95 708
HJ Loff	89 088	-	89 088
HJ Mc Combi	85 984	-	85 984
A Hartnick	71 366	-	71 366
JJA Koegelenberg	56 120	-	56 120
JE Davids	42 382	-	42 382
A Ewerts	41 256	-	41 256
J Harmse	36 396	-	36 396
CN Ngalo	26 260	-	26 260
FH Stemmet	24 373	-	24 373
B Le Roux	23 700	-	23 700
P van der Hoven	21 433	-	21 433
E Nel	14 593	-	14 593
PJW Murray	12 667	-	12 667
JST Alberts	11 588	-	11 588
AR Olivier	8 261	-	8 261
M Fielies	9 304	-	9 304
EKV van Eden	7 596	-	7 596
PJL Grobler	7 076	-	7 076
A Baartman	6 170	-	6 170
N Bityi	3 798	-	3 798
D Kampher	812	-	812
EN Mtabati	605	-	605
F Joseph	289	-	289
R Johannes	1 596	-	1 596
	2 694 552	-	2 694 552

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

41

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

30 June 2015	Total	Outstanding less than 90 days	Outstanding more than 90 days
The following amounts are outstanding regarding cellphone accounts:			
Biljohn	18 050	-	18 050
D Kamfer	15 336	-	15 336
S Lollwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	6 523	-	6 523
HJ McCombi	5 368	-	5 368
Saaiers	4 525	-	4 525
S de Vries	2 530	-	2 530
Ewerts	2 332	-	2 332
J Kammoetie	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtabati	622	-	622
F Stemmet	592	-	592
J Bekker	281	-	281
Simmers	1 677	-	1 677
	84 660	-	84 660

30 June 2014	Total	Outstanding less than 90 days	Outstanding more than 90 days
The following amounts are outstanding regarding travel allowances:			
AM Wädeinan	642 390	-	642 390
JL Hartnick	436 266	-	436 266
J Bouwer	301 071	-	301 071
JMG Bekker	251 864	-	251 864
PJ Roodman	222 042	-	222 042
SCP Biljohn	88 876	-	88 876
HJ Loff	82 729	-	82 729
HJ Mc Combi	79 846	-	79 846
A Hartnick	66 272	-	66 272
JJA Koegeleberg	52 114	-	52 114
JE Davids	39 357	-	39 357
A Ewerts	38 311	-	38 311
J Harmse	30 420	-	30 420
CN Ngalo	24 385	-	24 385
FH Stemmet	22 633	-	22 633
B Le Roux	22 008	-	22 008
P van der Hoven	19 903	-	19 903
E Nel	13 551	-	13 551
PJW Murray	11 762	-	11 762
JST Alberts	10 761	-	10 761
AR Olivier	9 071	-	9 071
M Fielies	8 640	-	8 640
EKV van Eden	7 053	-	7 053
PJL Grobler	6 571	-	6 571
A Baartman	5 729	-	5 729
N Bityi	3 527	-	3 527
D Kampher	754	-	754
EN Mtabati	562	-	562
F Joseph	268	-	268
	2 498 736	-	2 498 664

30 June 2014	Total	Outstanding less than 90 days	Outstanding more than 90 days
The following amounts are outstanding regarding cellphone accounts:			
Biljohn	18 050	-	18 050
D Kamfer	15 336	-	15 336
S Lollwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	6 523	-	6 523
HJ McCombi	5 368	-	5 368
Saaiers	4 525	-	4 525
S de Vries	2 530	-	2 530
Ewerts	2 332	-	2 332
J Kammoetie	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtabati	622	-	622
F Stemmet	592	-	592
J Bekker	281	-	281
Simmers	1 677	-	1 677
	84 660	-	84 660

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Financial Services	69 707	64 851	396 412	-
Management Services	212 734	156 645	575 000	-
Office of the MM	50 002	306 948	-	-
Support Services	209 091	919 329	710 125	-
Technical Services	860 009	1 648 539	756 046	-
Community Services	727 792	1 562 321	1 298 715	-
	2 129 335	4 658 633	3 736 298	-

EDEN DISTRICT MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

41

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Worley Parsons	Impractical Procurement Process	947 460
University of Stellenbosch	Impractical Procurement Process	575 000
Department of Public Works	Impractical Procurement Process	485 622
Business Engineering	Sole Supplier/Impractical Procurement Process	460 100
Prinswaterhouse Coopers Combined Systems	Sole Supplier	396 412
National Health Laboratory	Bound by legislation to use supplier	351 255
Babcock	Sole supplier - agent	270 424
SMAL Elektries	Emergency Procurement	250 025
Total		3 736 298

42 CONTINGENT LIABILITY

30 June 2015

	2015 R	2014 R
42.1 GHJ Kruger Gert Hendrik Jacobus Kruger vs. the MEC for Transport and Public Works (First defendant) and Eden District Municipality (Second defendant). This matter relates to a wild fire that allegedly originated on the road reserve that belongs to the Province and spread to the property of the plaintiff. The plaintiff alleges that the suffered damages of R906 550 as a result of the fire that spread to this property. Eden is acting as an agent of the Province. Respondent (Eden District Municipality) plea filed. The court process is currently underway and not completed.	906 550	906 550
42.2 Theunis Barnard / Eden DM / September January We received a summons from Calmanz Incorporated, with regards to an accident that happened on 5 February 2010. The driver of the vehicle was September January and at the time of the accident employed at Eden District Municipality. The vehicle had the registration number PA 175 129. This matter was referred to their Insurance company. Notice of intention to defend was issued. The matter is currently not resolved.	38 231	38 231
42.3 F du Toit / DL du Plooy / Eden DM Dr du Toit and his fiancé went on vacation at Victoria Bay Camp Site. They were robbed of valuable items. Therefore they are suing Eden DM for damages. This case was referred to Millers Attorneys. A notice of intention to defend was issued. Millers recommend that Advocate Schmidt be appointed in this matter. The Municipal Manager signed the disclosure statement and it was sent to Millers for further action. Matter currently not resolved.	376 750	376 750
42.4 Lefatshe - Computer Systems Eden District Municipality entered into an agreement with Lefatshe Technologies (Pty) Ltd whereby they will provide the municipality with an integrated information technology system on or about 31 August 2011. Lefatshe Technologies (Pty) Ltd submitted accounts for certain services rendered. The Municipal Manager informed Lefatshe in writing of Council's decision to investigate the Lefatshe tender and that the contract is on hold pending the outcome of the forensic investigation. Lefatshe Technologies (Pty) Ltd was since been liquidated. On 27 August 2015 Raubenheimers informed Eden District Municipality that it seems as the Liquidators' want to continue with the claim from the claimant. On 27 August 2015, Raubenheimers informed Eden District Municipality that the liquidators have submitted a claim, with an estimated cost of R15 330 078. Arbitration date has been set for October 2015.	15 330 078	14 007 721
42.5 Hoogbaard / Delo vs. Eden DM / GW Louw A joint summons against Eden DM and Mr GW Louw for alleged defamation of character. They claim an amount of R 300 000.00 each. The Council appointed Attorneys to defend the case. Matter currently underway and not resolved.	600 000	600 000
42.6 I Gerber N.O and others / Eden DM and P McKenzie The Cape Town High Court issued a court order against Eden District Municipality. In terms of the said order each party is liable for its own costs in respect of the said Application. In addition the court ordered the Applicant to bring a court application on or before the 31st of July 2013, in order to review Eden DM's decision to lease Part 4 of the farm Woodville 172, Division George to Peter McKenzie (the second Respondent), which will have further cost implications for Eden DM. Lastly instructions were issued that a lease be drafted in the interim between the relevant parties. Eden District Municipality is in the process of obtaining an eviction order against Gerber as he was supposed to evacuate the premises on or before 1 July 2014, in order for Mr. McKenzie to make use of the land / property.	21 840	21 840
42.7 Possible Dispute with B-Municipalities Regarding Properties Registered in Eden District Municipality's Name The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim.	68 163 662	159 644 620
42.8 Uniondale Correction Facility on behalf of Department of Public works Electricity consumption for 2006 - 2011. A claim of R8.3 m has been received. The matter is currently still in process.	8 300 000	8 300 000
42.9 A Lamont Labour dispute between A Lamont and Eden DM relating to a possible unlawful dismissal. In 2015, judgement has been passed. For 2015, the amount due is included under other creditors.	-	1 200 000
42.10 MR Michaels A dispute has been lodged against the Eden District Municipality by Mr MR Michaels. The applicant was re-appointed on numerous fixed term contracts as a temporary fire fighter. He is now demanding a permanent appointment. The difference between his annual cost to company on a fixed term contract versus a contract appointment, amounts to R40,172 per annum.	40 171	-
42.11 Kortje and 18 others A dispute has been lodged against the Eden District Municipality by Mr Marvin Kortje and 18 others regarding unfair dismissal. Applicants were appointed on fixed term contracts since 2009 as temporary fire fighters. The outcome of this dispute could lead to retrenchment packages or permanent appointments. At this stage, the estimated amount is uncertain and cannot be determined.	-	-
42.11 Keyser, Doorndrift Farm 32 George A legal dispute has been lodged against the Eden District Municipality by Mr Keyser regarding Farm 32 George Doorndrift regarding the ownership of the property. At this stage, Eden District Municipality is awaiting correspondence from the applicants attorney Mr James King form Oudtshoorn.	839 201	-
	94 616 482	185 095 711
43 IN-KIND DONATIONS AND ASSISTANCE The Municipality did not receive any in-kind donations and assistance.		
44 EVENTS AFTER THE REPORTING DATE The Municipality is not aware of any events after reporting date.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

45

RELATED PARTY TRANSACTIONS

45.1 Related Party Transactions

	Service Charges	Outstanding balances
Year ended 30 June 2015		
Kay Beez Development Projects CC	27 000	-
C Scheepers' (Deputy Manager Human Resources, Eden District Municipality) brother in law owns Kay Beez Development Projects. Eden District Municipality received training form Kay Beez Development Projects regarding interpersonal skills.		
Mubesko Africa CC	611 268	67 152
B Holtshauzen (Eden District Municipality's Executive Director Support Services) daughter works for Mubesko Africa (Pty) Ltd. Eden District Municipality received GRAP support services from Mubesko Africa.		
Year ended 30 June 2014		
Mubesko Africa (Pty) Ltd	129 020	-
B Holtshauzen (Eden District Municipality's Executive Director Support Services) daughter works for Mubesko Africa (Pty) Ltd. From 1 March 2014 - 30 June 2014. Eden District Municipality received GRAP support services from Mubesko Africa.		
Meyer Otto (Pty) Ltd / Moorestephens MO (Pty) Ltd	676 040	15 105
B Holtshauzen (Eden District Municipality's Executive Director Support Services) daughter worked from 1 July 2013 - 28 February 2014 for Meyer Otto (Pty) Ltd / Moore Stephens MO (Pty) Ltd. Eden District Municipality received GRAP support services from Meyer Otto (Pty) Ltd / Moore Stephens MO (Pty) Ltd.		
Kay Beez Development Projects CC	29 500	-
C Scheepers' (Deputy Manager Human Resources, Eden District Municipality) brother in law owns Kay Beez Development Projects. Eden District Municipality received training form Kay Beez Development Projects.		

45.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 16 to the Annual Financial Statements.

45.3 Related Parties

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Eden District Municipality:

- * Executive Mayor
- * Speaker
- * Mayoral Committee members
- * Councillors
- * Municipal Manager
- * Senior Manager: Finance
- * Executive Manager: Support Services
- * Senior Manager: Technical Services
- * Executive Manager: Management Services

Their short term employee benefits are disclosed in notes 23 & 24

45.4 Other Supply Chain Transactions

The following purchases were made from Suppliers whose shareholders is in service of the state:

Supplier	Employee	State Department	2015 R	2014 R
Juta & Company Ltd	JD Volmink - Director	North West University	10 061	32 714
African Oxygen Ltd t/a Afrox Ltd	KDK Mokhele - Director	NAT: Science & Technology	-	2 907
The Courier and Freight Group	NJD - Buick - Director	SA Medical Research Council	-	7 943
INCA Portfolio Managers	M Mokoena - Director	Gautrain Management Agency	-	176 484
Minolco (Pty) Ltd t/a Konica Minolta	KR Mthimunya - Director	State Information Technology Ag	23 780	59 864
Cashbuild	DSS Lushabe - Non Executive Director	University of Johannesburg	-	69 028
Swift Siliker (Pty) Ltd	JJR - Bilet - Director	South African Weather Services	-	15 162
L&L Projects	C Legodi - Member	NAT: Agriculture, Forestry & Fi	-	260
KPMG Services (Pty) Ltd	N Shah - Director	South African Weather Services	-	44 525
Vodacom	V Jarana - Director	Legal Aid South Africa	900 712	1 148 395
Windsor Hotel	LL Tsipa - Director	Eastern Cape Development Corj	-	3 200
Schindler Lifts (Pty) Ltd	MG Mokoka - Director	Passanger Rail Agency of South	-	23 353
Total SA (Pty) Ltd	MS Molala - Officer	Johannesburg Property Compar	-	10 953 033
Nashua Mobile	D Nchoba - Director	NAT: Arts & Culture	676	4 155
AON South Africa (Pty) Ltd	MM Maponya - Director	NTP Radioisotopes	841 694	746 927
MK Construction t/a Africa Co	MA Kula - Member	EC: Health	-	278 801
			1 776 923	13 566 751

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RISK EXPOSURES

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

Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyse its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

	2015 R	2014 R
1% (2014 - 0.5%) Increase in interest rates	(5 216)	(12 838)
0.5% (2014 - 0.5%) Decrease in interest rates	2 608	12 838

Credit Risk

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

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of fire fighting fees and rental agreements. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

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

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

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

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RISK EXPOSURES (CONTINUED)

	2015 %	2015 R	2014 %	2014 R
Ambulance and Fire Fighting Fees	47.34%	2 037 467	32.76%	2 533 985
Councillors' Arrears	0.00%	-	32.30%	2 498 736
Rental Agreements	3.11%	133 793	5.92%	457 647
Sundry debtors	49.55%	2 132 206	29.02%	2 244 944
	100.00%	4 303 466	100.00%	7 735 312

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

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

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

Financial assets exposed to credit risk at year end are as follows:

	2015 R	2014 R
Trade receivables - Exchange transactions	15 571 297	14 145 662
Other receivables - Non exchange transactions	2 430 583	2 566 737
Short term Investment Deposits	134 217	1 104
Bank Balances and Cash	110 948 510	79 743 070
Maximum Credit Risk Exposure	129 084 607	96 456 572
Debtors past due date no impaired		
31-60 days	1 514 716	378 366
61-90 days	81 250	335 444
91-120 days	3 574	296 088
121-365 days	5 149 991	2 365 352
+365 days	573 038	1 488 228
	7 327 570	4 863 478

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
2015				
Long Term liabilities	-	-	-	-
Capital repayments	-	-	-	-
Interest	-	-	-	-
Trade and Other Payables	22 037 347	-	-	-
Unspent conditional government grants and receipts	11 458 072	-	-	-
	33 495 419	-	-	-
2014				
Long Term liabilities	716 995	-	-	-
Capital repayments	691 204	-	-	-
Interest	25 790	-	-	-
Trade and Other Payables	19 550 216	-	-	-
Unspent conditional government grants and receipts	8 176 225	-	-	-
	28 443 436	-	-	-

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
FINANCIAL INSTRUMENTS

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

		2015 R	2014 R
Financial Asset	Classification		
Long-term Receivable			
Department of Transport: Roads - At amortised cost	Financial instruments at amortised cost	-	-
Balance previously reported		-	47 487 458
Correction of error (Note 15)		-	-47 487 458
Consumer Debtors			
Service debtors	Financial instruments at amortised cost	15 571 297	14 145 662
Other Debtors			
Roads - Sundry debtors	Financial instruments at amortised cost	9 717 220	10 280 615
Sundry debtors	Financial instruments at amortised cost	2 236 183	1 504 927
Recoverable Debtors	Financial instruments at amortised cost	141 680	563 936
Current Portion of Long-term Receivables			
Department of Transport: Roads - At amortised cost	Financial instruments at amortised cost	-	-
Balance previously reported		-	2 404 270
Correction of error (Note 15)		-	(2 404 270)
Non-current Investments			
Non-current Investment	Financial instruments at amortised cost	26 027	40 774
Short term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	134 217	1 104
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	20 713 197	19 591 732
Cash Floats and Advances	Financial instruments at amortised cost	90 235 313	60 151 338
Total Financial Assets		138 775 334	106 280 088

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FINANCIAL INSTRUMENTS (CONTINUED)

SUMMARY OF FINANCIAL ASSETS

		2015 R	2014 R
Financial instruments at amortised cost		138 775 334	106 280 088
		138 775 334	106 280 088

Financial Liability

Non-Current Liabilities

Long-term Liabilities	Financial instruments at amortised cost	-	704 932
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Current Liabilities

Trade and other payables	Financial instruments at amortised cost	22 037 347	19 550 216
Current portion of long-term liabilities	Financial instruments at amortised cost	681 794	1 904 452

Total Financial Liabilities

		22 719 141	22 159 600
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SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost		22 719 141	22 159 600
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STATUTORY RECEIVABLES

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

		2015 R	2014 R
Taxes			
Vat Receivable		2 369 457	1 831 524
Receivables from Non-Exchange Transactions			
Fines		-	-
		2 369 457	1 831 524

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PUBLIC PRIVATE PARTNERSHIP

Eden District Municipality is in the process of concluding a Public Private Partnership with regards to the establishment of the regional landfill site in Mossel Bay. The land has been purchased before year end, the erection of the landfill site will be done by concluding a Public Private Partnership. The closing date for the submission of the tenders for the Public Private Partnership was 31 July 2015. It is envisioned that the relevant SCM processes will be concluded before 31 December 2015, where after the erection of the landfill site will commence. The estimation of the total cost of the regional landfill site is in the region of R100 million.

**EDEN DISTRICT MUNICIPALITY
ANNEXURE A
SCHEDULE OF EXTERNAL LOANS
FOR THE YEAR ENDED 30 JUNE 2014**

EXTERNAL LOANS	Loan No.	Redeemable	Balance 30/06/2014 R	Received during the period R	Redeemed or written off R	Balance 30/06/2015 R	Carrying Value of Property, Plant and Equipment R	Other Costs in accordance with the MFMA
DBSA LOANS			1,642,353	-	951,149	691,204	-	-
<i>Loan: 10130/102</i> (10% interest rate, six monthly installments of R 25 669.04 with the final payment on 30/09/2015)								
<i>Loan: 10132/102</i> (10% interest rate, six monthly installments of R 184 150.24 with the final payment on 31/03/2016)								
<i>Loan: 10129/202</i> (10% interest rate, six monthly installments of R 130 001.34 with the final payment on 30/09/2015)								
<i>Loan: 10131/102</i> (10% interest rate, six monthly installments of R 193 023.80 with the final payment on 30/09/2015)								
			1,642,353	-	951,149	691,204	-	-
LEASE LIABILITY								
Office Equipment @ average of 12%			1,028,055	-	1,028,055	-	-	-
TOTAL EXTERNAL LOANS			2,670,408	-	1,979,204	691,204	-	-

**ANNEXURE B
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA 56 OF 2003**

Description	Provider	2015 Financial Year											
		1 July 2015	Correction of Error	Restated	Receipts	Transfer to fund	Expenditure	Repaid to National	Vat	Closing Balance	Unspent	Unpaid	
		Opening balance		Opening balance	Grants received	Debtor	Operating	Capital	Revenue Fund	Income	30-Jun-15		
Municipal Systems Improvement Grant (MSIG)	National Government Grants	59,053	-	59,053	934,000	-	39,000	720,791	97,005	114,499	1,708	1,708	-
DPL Land Affairs, District Assessment Committee	Provincial Government Grants	49,343	-	49,343	-	-	-	-	-	-	49,343	49,343	-
Donation Child's National Water	Provincial Government Grants	41,700	(41,700)	-	-	-	-	-	-	-	-	-	-
Socio Economic Survey Sanitation Practices	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Housing Consumer Education Fund	Provincial Government Grants	32,167	(32,167)	0	-	-	-	-	-	-	0	0	-
Local Government Bulk Infrastructure	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Integrated Human Settlement Grant	National Government Grants	12,274	-	12,274	1,250,000	-	1,216,145	-	-	46,129	(0)	46,129	-
Local Government Financial Management Grant (FMG)	Other Grant Providers	911,224	-	911,224	153,794	-	432,470	-	-	-	632,548	632,548	-
LGSETA: LED Learnership	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
GLOBAL FUND	Other Grant Providers	9,164	(9,164)	0	-	-	-	-	-	-	0	0	-
Human Rights Programme	Provincial Government Grants	49,197	(49,197)	0	-	-	-	-	-	-	0	0	-
Sports Grounds: Haarlem	Provincial Government Grants	8,678	(8,678)	-	-	-	-	-	-	-	0	0	-
Libraries Grant - Facilities	Provincial Government Grants	77,506	(77,506)	(0)	-	-	-	-	-	-	(0)	(0)	-
Non-Motorised Transport	Provincial Government Grants	2,442	(2,442)	-	-	-	-	-	-	-	-	-	-
Bucket system Elimination Schools/Clinic	Provincial Government Grants	128,417	-	128,417	-	-	47,495	-	-	4,605	76,317	76,317	-
WC078: Regional Landfill Site	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
LG: Bulk Water and Waste Water infrastructure.	Provincial Government Grants	62,850	(62,850)	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Incentives	National Government Grants	(63,579)	63,579	-	1,000,000	-	1,000,000	-	-	-	-	-	-
Umsobomvu Youth Fund	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assistance Aerial Fire fighting	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Task Contributors - Municipalities	Other Grant Providers	86,460	-	86,460	290,400	32,800	175,929	27,511	-	4,417	201,804	201,804	-
Emergency Housing DMA	Provincial Government Grants	0	-	0	-	-	-	-	-	-	0	0	-
Emergency Housing Zsar	Provincial Government Grants	73,516	-	73,516	-	-	-	-	-	-	73,516	73,516	-
DVA: Abstraction Validation on Bibu	National Government Grants	35,569	-	35,569	-	-	-	-	-	-	35,569	35,569	-
DYAF: Chemical Water Sampling	Provincial Government Grants	(245,859)	248,669	-	-	-	-	-	-	-	-	-	-
RGB & Bulk Infrastructure Grant	Other Grant Providers	633,910	-	633,910	-	-	1,917,781	-	-	266,488	633,910	633,910	-
Integrated Transport	National Government Grants	136,559	-	136,559	1,933,648	-	25,607,095	-	-	-	1,936,589	1,936,589	-
Municipal Disaster Recovery	Provincial Government Grants	136,250	-	136,250	27,432,000	-	-	-	-	-	1,824,945	1,824,945	-
Mandela Memorial Celebrations	Provincial Government Grants	-	-	-	-	-	-	-	-	-	136,250	136,250	-
Nelson Mandela Biosphere Reserve Project	Other Grant Providers	-	-	-	90,000	-	52,000	-	-	-	38,000	38,000	-
Braille Project	Provincial Government Grants	11,645	-	11,645	639,500	-	831,105	-	-	116,355	(807,900)	-	307,960
WC FMG Allocations	National Government Grants	500,000	-	500,000	890,300	-	876,747	18,051	-	79,550	403,952	403,952	-
ROADS - DEPARTMENT OF TRANSPORT	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
CONSOLIDATED MIG PROJECTS - OPERATIONAL		2,772,807	48,434	2,776,240	36,403,643	32,800	32,879,507	142,627	142,627	634,044	5,497,504	6,056,087	560,583
WFW: Brumweg 2010/11	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WFW: Grant - Bank 2010/11	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WFW: Uncondole 2010/11	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WFW: Kantam 2010/11	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WFW: Knysna 2010/11	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WFW: Moordekuy 2010/11	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WFW - (Unspent & PM fees)	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WORK FOR WATER TOTALS		2,772,807	48,434	2,776,240	36,403,643	32,800	32,879,507	142,627	142,627	634,044	5,656,504	6,056,087	560,583
CAPITAL PROJECTS													
OTHER GRANTS													
Financial Management Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Municipal System Improvement Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS													
Development of Sport & Recreation	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
DME GRANTS													
Electricity Demand Side Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Demand Side Management	National Government Grants	5,399,985	-	5,399,985	-	-	-	-	-	-	5,399,985	5,399,985	-
TOTALS		5,399,985	-	5,399,985	-	-	-	-	-	-	5,399,985	5,399,985	-
TOTAL CAPITAL BALANCES		5,399,985	-	5,399,985	-	-	-	-	-	-	5,399,985	5,399,985	-
UNSPENT BALANCES END OF REPORTING PERIOD		8,127,791	48,434	8,176,225	36,403,643	32,800	32,879,507	142,627	142,627	634,044	10,897,489	11,456,072	560,583
Consolidated MIG Projects		2,939,465	-	2,939,465	1,250,000	-	-	-	-	-	4,189,466	4,189,466	-
Consolidated FMG Projects		(596,036)	-	(596,036)	934,000	-	1,216,145	-	-	-	(876,181)	(876,181)	-

APPENDIX C(1) - Unaudited
EDEN DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	196 577	8 927	205 503	184 934	(20 569)	90.0%	94.1%	162 900
Executive and council	195 274	8 927	204 201	183 913	(20 288)	90.1%	94.2%	162 025
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	1 302	-	1 302	1 021	(281)	78.4%	78.4%	875
<i>Community and public safety</i>	6 024	12	6 036	5 844	(192)	96.8%	97.0%	5 327
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	5 855	12	5 867	5 629	(238)	95.9%	96.1%	5 143
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	169	-	169	215	46	127.3%	127.3%	183
<i>Economic and environmental services</i>	106 132	10 390	116 522	135 583	19 061	116.4%	127.7%	137 906
Planning and development	-	-	-	-	-	-	-	4
Road transport	106 000	10 290	116 290	135 416	19 126	116.4%	127.8%	137 713
Environmental protection	132	100	232	167	(65)	71.8%	126.2%	189
<i>Trading services</i>	84	1 038	1 122	-	(1 122)	-	-	120
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	84	1 038	1 122	-	(1 122)	-	-	120
<i>Other</i>	-	-	-	-	-	-	-	-
Total Revenue - Standard	308 816	20 367	329 183	326 361	(2 822)	99.1%	105.7%	306 253
Expenditure - Standard								
<i>Governance and administration</i>	117 701	10 339	128 040	326 143	198 103	254.7%	277.1%	107 824
Executive and council	63 639	10 684	74 323	280 819	206 496	377.8%	441.3%	64 374
Budget and treasury office	24 699	(1 701)	22 998	17 662	(5 337)	76.8%	71.5%	17 296
Corporate services	29 363	1 356	30 719	27 663	(3 056)	90.1%	94.2%	26 154
<i>Community and public safety</i>	65 305	(897)	64 408	85 261	20 853	132.4%	130.6%	63 239
Community and social services	2 918	(2 918)	(0)	-	0	-	-	2 279
Sport and recreation	9 743	350	10 093	10 084	(9)	99.9%	103.5%	8 275
Public safety	25 179	(1 645)	23 534	47 225	23 691	200.7%	187.6%	28 956
Housing	-	-	-	-	-	-	-	-
Health	27 465	3 317	30 782	27 953	(2 829)	90.8%	101.8%	23 729
<i>Economic and environmental services</i>	118 237	8 509	126 746	130 371	3 625	102.9%	110.3%	137 370
Planning and development	6 910	440	7 350	6 867	(484)	93.4%	99.4%	6 189
Road transport	108 891	8 440	117 331	121 631	4 300	103.7%	111.7%	125 444
Environmental protection	2 436	(371)	2 065	1 874	(191)	90.7%	76.9%	5 737
<i>Trading services</i>	5 070	1 300	6 370	4 627	(1 743)	72.6%	91.3%	3 854
Electricity	-	-	-	-	-	-	-	-
Water	3 708	(685)	3 023	420	(2 603)	13.9%	11.3%	201
Waste water management	-	-	-	1 918	1 918	#DIV/0!	#DIV/0!	1 976
Waste management	1 362	1 985	3 347	2 289	(1 058)	68.4%	168.1%	1 677
<i>Other</i>	-	-	-	-	-	-	-	-
Total Expenditure - Standard	306 313	19 252	325 565	546 403	220 838	167.8%	178.4%	312 286
Surplus/(Deficit) for the year	2 503	1 115	3 618	(220 042)	(223 660)	-6081.2%	-8789.7%	(6 033)

APPENDIX C(2) - Unaudited
EDEN DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome	Actual Outcome as % of Final	Actual Outcome as % of Original	Restated Audited Outcome
Revenue by Vote								
Executive and Council	195 274	8 928	204 203	183 913	(20 289)	90.1%	94.2%	162 025
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	1 302	-	1 302	1 021	(281)	78.4%	78.4%	875
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	5 855	12	5 867	5 629	(238)	95.9%	96.1%	5 143
Public Safety	-	-	-	-	-	-	-	-
Health	169	-	169	215	46	127.2%	127.2%	183
Planning and Development	-	-	-	-	-	-	-	4
Road Transport	106 000	10 290	116 290	135 416	19 126	116.4%	127.8%	137 713
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	84	1 038	1 122	-	(1 122)	-	-	120
Environmental Protection	132	100	232	167	(65)	71.8%	126.2%	189
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Total Revenue by Vote	308 816	20 368	329 185	326 361	(2 824)	99.1%	105.7%	306 253
Expenditure by Vote, to be appropriated								
Executive and Council	63 639	10 682	74 321	280 819	206 498	377.8%	441.3%	64 374
Budget and Treasury Office	24 699	(1 699)	23 000	17 662	(5 338)	76.8%	71.5%	17 296
Corporate Services	29 363	1 357	30 720	27 663	(3 058)	90.0%	94.2%	26 154
Community and Social Services	2 918	(2 918)	-	-	-	-	-	2 279
Sport and Recreation	9 743	350	10 093	10 084	(10)	99.9%	103.5%	8 275
Public Safety	25 179	(1 644)	23 535	47 225	23 690	200.7%	187.6%	28 956
Health	27 465	3 317	30 782	27 953	(2 829)	90.8%	101.8%	23 729
Planning and Development	6 909	440	7 350	6 867	(483)	93.4%	99.4%	6 189
Road Transport	108 891	8 440	117 331	121 631	4 299	103.7%	111.7%	125 444
Electricity	-	-	-	-	-	-	-	-
Water	3 708	(685)	3 023	420	(2 603)	13.9%	11.3%	201
Waste Water Management	-	-	-	1 918	1 918	#DIV/0!	#DIV/0!	1 976
Waste Management	1 362	1 985	3 347	2 289	(1 058)	68.4%	168.1%	1 677
Environmental Protection	2 436	(372)	2 064	1 874	(191)	90.8%	76.9%	5 737
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Total Expenditure by Vote	306 313	19 252	325 566	546 403	220 837	167.8%	178.4%	312 286
Surplus/(Deficit) for the year	2 503	1 116	3 619	(220 042)	(223 661)	-6079.9%	-8790.0%	(6 033)

APPENDIX C(3) - Unaudited
EDEN DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Rental of facilities and equipment	2 357	-	2 357	878	(1 479)	37.2%	37.2%	536
Interest earned - external investments	4 500	250	4 750	7 381	2 631	155.4%	164.0%	4 691
Interest earned - outstanding debtors	-	-	-	772	772	#DIV/0!	#DIV/0!	-
Dividends received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	167	167	#DIV/0!	#DIV/0!	189
Agency services	12 671	1 106	13 777	-	(13 777)	-	-	-
Transfers recognised - operating	170 060	(1 067)	168 993	167 753	(1 240)	99.3%	98.6%	145 733
Other revenue	119 229	20 078	139 307	149 360	10 053	107.2%	125.3%	155 105
Gains on disposal of PPE	-	-	-	50	50	#DIV/0!	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)	308 817	20 368	329 184	326 361	(2 824)	1616.2%	105.7%	306 253
Expenditure By Type								
Employee related costs	155 035	(802)	154 233	155 528	1 295	100.8%	100.3%	147 528
Remuneration of councillors	7 705	18	7 723	7 525	(199)	97.4%	97.7%	7 028
Debt impairment	800	1 000	1 800	-	(1 800)	-	-	1 248
Depreciation & asset impairment	8 322	(1 522)	6 800	247 571	240 771	3640.8%	2974.9%	4 891
Finance charges	530	300	830	235	(595)	28.3%	44.4%	692
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	9 975	(1 561)	8 414	12 372	3 958	147.0%	124.0%	13 732
Transfers and grants	35 963	(1 067)	34 896	-	(34 896)	-	-	-
General Expenses	87 982	22 888	110 870	122 705	11 835	110.7%	139.5%	105 433
Loss on disposal of PPE	-	-	-	466	466	#DIV/0!	#DIV/0!	31 733
Total Expenditure	306 313	19 254	325 566	546 403	220 836	1690.9%	178.4%	312 285
Surplus/(Deficit)	2 504	1 114	3 618	(220 042)	(223 660)	-6081.8%	-8786.9%	(6 032)
Transfers recognised - capital	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 504	1 114	3 618	(220 042)	(223 660)	-6081.8%	-8786.9%	(6 032)

APPENDIX C(4) - Unaudited
EDEN DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Executive and Council								
Budget and Treasury Office								
Corporate Services								
Community and Social Services								
Sport and Recreation								
Public Safety								
Road Transport								
Electricity								
Water								
Waste Water Management								
Waste Management								
Environmental Protection								
Health								
Example 14 - Vote14								
Example 15 - Vote15								
Capital multi-year expenditure								
Single-year expenditure								
Executive and Council		327	327	122	(205)	37.2%	#DIV/0!	136
Budget and Treasury Office		6	6	121	115	2024.5%	#DIV/0!	20
Corporate Services	1 000	(77)	923	591	(332)	64.0%	59.1%	539
Community and Social Services				24	24	#DIV/0!	#DIV/0!	
Sport and Recreation	200	170	370	315	(55)	85.2%	157.5%	6
Public Safety	1 300	635	1 935	1 836	(99)	94.9%	141.2%	444
Planning and development				43	43	#DIV/0!	#DIV/0!	50
Health				78	78	#DIV/0!	#DIV/0!	31
Road Transport								
Electricity								
Water								
Waste Water Management								
Waste Management	5 800		5 800	5 711	(89)	98.5%	98.5%	
Environmental Protection		53	53		(53)			
Other								
Example 14 - Vote14								
Example 15 - Vote15								
Capital single-year expenditure	8 300	1 114	9 414	8 842	(572)	94%	107%	1 225
Total Capital Expenditure - Vote	8 300	1 114	9 414	8 842	(572)	94%	107%	1 225
Capital Expenditure - Standard								
Governance and administration	1 000	256	1 256	834	(422)	66.4%	83.4%	694
Executive and council		327	327	122	(205)	37.2%	#DIV/0!	136
Budget and treasury office		6	6	121	115	2024.5%	#DIV/0!	20
Corporate services	1 000	(77)	923	591	(332)	64.0%	59.1%	539
Community and public safety	1 500	805	2 305	2 253	(52)	97.8%	150.2%	480
Community and social services				24	24	#DIV/0!	#DIV/0!	
Sport and recreation	200	170	370	315	(55)	85.2%	157.5%	6
Public safety	1 300	635	1 935	1 836	(99)	94.9%	141.2%	444
Housing								
Health				78	78	#DIV/0!	#DIV/0!	31
Economic and environmental services		53	53	43	(10)	81.4%	#DIV/0!	50
Planning and development				43	43	#DIV/0!	#DIV/0!	50
Road transport								
Environmental protection		53	53		(53)			
Trading services	5 800		5 800	5 711	(89)	98.5%	98.5%	
Electricity								
Water								
Waste water management								
Waste management	5 800		5 800	5 711	(89)	98.5%	98.5%	
Other								
Total Capital Expenditure - Standard	8 300	1 114	9 414	8 842	(572)	94%	107%	1 225
Funded by:								
National Government								
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital								
Public contributions & donations								
Borrowing								
Internally generated funds	8 300	1 114	9 414	8 842	(572)	93.9%	106.5%	1 225
Total Capital Funding	8 300	1 114	9 414	8 842	(572)	94%	107%	1 225

APPENDIX C(5) - Unaudited
EDEN DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Other receipts	125 436	-	125 436	154 679	29 243	123.3%	123.3%	144 829
Government - operating	170 060	(1 067)	168 993	167 611	(1 382)	99.2%	98.6%	145 541
Government - capital	-	-	-	143	143	#DIV/0!	#DIV/0!	192
Interest	4 500	250	4 750	8 153	3 403	171.6%	181.2%	4 691
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(286 362)	(7 342)	(293 704)	(282 269)	11 435	96.1%	98.6%	(279 767)
Finance charges	(530)	(300)	(830)	(235)	595	28.3%	44.4%	(692)
Transfers and Grants	(35 963)	1 067	(34 896)	-	34 896	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	(22 859)	(7 392)	(30 251)	48 081	78 332	-158.9%	-210.3%	14 794
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	50	-	-	-	(0)
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	(5 986)	(5 986)	#DIV/0!	#DIV/0!	(5 096)
Decrease (increase) in non-current investments	-	-	-	15	15	#DIV/0!	#DIV/0!	-
Payments								
Capital assets	-	(1 114)	(1 114)	(8 842)	(7 728)	793.9%	#DIV/0!	(1 225)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(1 114)	(1 114)	(14 763)	(13 649)	1325.5%	#DIV/0!	(6 320)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	(650)	-	(650)	(1 979)	(1 329)	304.5%	304.5%	(1 714)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(650)	-	(650)	(1 979)	(1 329)	304.5%	304.5%	(1 714)
NET INCREASE/ (DECREASE) IN CASH HELD	(23 509)	(8 506)	(32 015)	31 339	63 353	-97.9%	-133.3%	6 760
Cash/cash equivalents at the year begin:	94 582	-	94 582	79 744	(14 838)	84.3%	84.3%	72 984
Cash/cash equivalents at the year end:	65 307	(8 506)	62 567	111 083	47 186	177.5%	170.1%	79 744