

# **EDEN DISTRICT MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2016**



AUDITOR-GENERAL  
SOUTH AFRICA

30 November 2016

# EDEN DISTRICT MUNICIPALITY

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# EDEN DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2016

## 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, 6529*

### AUDITORS

*Office of the Auditor General (WC)*

### PRINCIPAL BANKERS

*Standard Bank, George*



30 November 2016

## **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**



**AUDITOR-GENERAL  
SOUTH AFRICA**

30 November 2016

# EDEN DISTRICT MUNICIPALITY

## MEMBERS OF THE EDEN DISTRICT MUNICIPALITY

### COUNCILLORS

Proportional		<i>Ms. T Fortuin</i>	Term started 23 August 2016
Proportional		<i>Mr. S de Vries</i>	Term started 10 August 2016
Proportional		<i>Ms. NF Kamte</i>	Term started 10 August 2016
Proportional		<i>Mr. MP Mapitza</i>	Term started 10 August 2016
Proportional		<i>Ms. D Xego</i>	
Proportional		<i>Ms. CN Lichaba</i>	Term started 10 August 2016
Proportional		<i>Ms. T van Rensburg</i>	Term started 10 August 2016
Proportional		<i>Mr. T Simmers</i>	
Proportional		<i>Mr. RE Splis</i>	Term started 10 August 2016
Proportional		<i>Mr. N Dhayi</i>	Term started 10 August 2016
Proportional		<i>Mr. KS Lose</i>	Term started 10 August 2016
Proportional		<i>Mr. D Saayman</i>	Term started 10 August 2016
Proportional		<i>Mr. BN van Wyk</i>	Term started 10 August 2016
Proportional		<i>Mr. AJ Rossouw</i>	Term started 10 August 2016
Proportional		<i>Ms. NA Bityi</i>	Term ended 9 August 2016
Proportional		<i>Mr. CN Ngalo</i>	Term ended 9 August 2016
Proportional		<i>Mr. V Waxa</i>	Term ended 9 August 2016
Proportional		<i>Ms. NM Tanda</i>	Term ended 9 August 2016
Proportional		<i>Ms. M Flieles</i>	Term ended 9 August 2016
Proportional		<i>Mr. HJ McCombi</i>	Term ended 9 August 2016
Proportional		<i>Mr. JJA Koeglenberg</i>	Term ended 9 August 2016
Proportional		<i>Mr. HJ Floors</i>	Term ended 9 August 2016
Proportional		<i>Ms. SF May</i>	Term ended 9 August 2016
Proportional		<i>Ms. JP Johnson</i>	Term ended 9 August 2016
Proportional		<i>Ms. CM Skietekat</i>	Term ended 9 August 2016
Proportional		<i>Mr. JG Janse van Rensburg</i>	Term ended 9 August 2016
Proportional		<i>Mr. D Kamfer</i>	Term ended 9 August 2016
Representative:	George Municipality	<i>J du Toit</i>	Term ended 9 August 2016
Representative:	George Municipality	<i>T Teyisi</i>	
Representative:	George Municipality	<i>PJ van der Hoven</i>	
Representative:	George Municipality	<i>LBC Esau</i>	Term ended 9 August 2016
Representative:	George Municipality	<i>GC Niehaus</i>	Term ended 9 August 2016
Representative:	George Municipality	<i>LN Qupe</i>	Term ended 9 August 2016
Representative:	George Municipality	<i>I Stemela</i>	Term started 24 August 2016
Representative:	George Municipality	<i>EH Stroebel</i>	Term started 24 August 2016
Representative:	George Municipality	<i>RS Figland</i>	Term started 24 August 2016
Representative:	George Municipality	<i>V Gericke</i>	Term started 24 August 2016
Representative:	Mossel Bay Municipality	<i>JJ Gerber</i>	Term ended 9 August 2016
Representative:	Mossel Bay Municipality	<i>NC Booisen</i>	Term ended 9 August 2016
Representative:	Mossel Bay Municipality	<i>JE Gouws</i>	Term ended 9 August 2016
Representative:	Mossel Bay Municipality	<i>SS Mbandezi</i>	Term ended 9 August 2016
Representative:	Mossel Bay Municipality	<i>BHJ Groenewald</i>	Term started 24 August 2016
Representative:	Mossel Bay Municipality	<i>E Meyer</i>	Term started 24 August 2016
Representative:	Mossel Bay Municipality	<i>RH Ruiters</i>	Term started 24 August 2016
Representative:	Mossel Bay Municipality	<i>SS Mbandezi</i>	Term started 24 August 2016
Representative:	Oudtshoorn Municipality	<i>M Wagenaar</i>	Term ended 9 August 2016
Representative:	Oudtshoorn Municipality	<i>VI van der Westhuizen</i>	Term ended 9 August 2016
Representative:	Oudtshoorn Municipality	<i>JJC Lambaat</i>	Term started 24 August 2016
Representative:	Oudtshoorn Municipality	<i>RR Wiidshut</i>	Term started 24 August 2016
Representative:	Oudtshoorn Municipality	<i>K Windvogel</i>	Term started 24 August 2016
Representative:	Knysna Municipality	<i>S F de Vries</i>	Term ended 9 August 2016
Representative:	Knysna Municipality	<i>D Naylor</i>	Term ended 9 August 2016
Representative:	Knysna Municipality	<i>L Tyokolo</i>	Term started 24 August 2016
Representative:	Knysna Municipality	<i>MS Willemse</i>	Term started 24 August 2016
Representative:	Knysna Municipality	<i>MV Molosi</i>	Term started 24 August 2016



### COUNCILLORS (Continued)

Representative:	Hessequa Municipality	<i>AM Joubert</i>	Term ended 9 August 2016
Representative:	Hessequa Municipality	<i>D Abrahams</i>	Term ended 9 August 2016
Representative:	Hessequa Municipality	<i>SM Odendaal</i>	Term started 24 August 2016
Representative:	Hessequa Municipality	<i>IT Mangaliso</i>	Term started 24 August 2016
Representative:	Bitou Municipality	<i>MM Mballi</i>	Term ended 9 August 2016
Representative:	Bitou Municipality	<i>N Ndeyi</i>	Term ended 9 August 2016
Representative:	Bitou Municipality	<i>NC Jacob</i>	Term started 24 August 2016
Representative:	Bitou Municipality	<i>M Booysen</i>	Term started 24 August 2016
Representative:	Kannaland Municipality	<i>WP Meshoe</i>	Term ended 9 August 2016
Representative:	Kannaland Municipality	<i>JP Johnson</i>	Term started 24 August 2016

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 85 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 2016 and is satisfied that the Municipality can continue in operational existence for the foreseeable future. As part of austerity interventions employed by the District Municipality, a Funding Research Initiative has been commissioned. Progress thus far has been positive and the aim of the initiative is to convince National Treasury that the current funding model for District Municipalities are not sustainable.

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

25/11/2016  
Date

**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

<b>NET ASSETS AND LIABILITIES</b>		<b>2016 R (Actual)</b>	<b>2015 R (Restated)</b>
<b>Net assets</b>	Note	256 809 570	228 461 705
Capital replacement reserve	2	24 675 638	21 370 360
Accumulated Surplus/(Deficit)	2	232 133 932	207 091 345
<b>Non-current liabilities</b>		139 752 007	132 296 848
Employee Benefits	4	137 152 652	129 179 816
Provisions	5	2 599 355	3 117 032
<b>Current liabilities</b>		57 264 049	62 240 246
Employee Benefits	6	25 643 306	24 574 770
Provisions	7	2 375 823	2 312 451
Payables - Exchange Transactions	8	11 705 954	23 191 545
Unspent conditional grants and receipts	9	17 537 796	11 458 071
Operating Lease Liability	18	1 170	21 616
Long Term liabilities	3	-	681 794
<b>Total Net Assets and Liabilities</b>		<b>453 825 625</b>	<b>422 998 801</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		286 378 073	284 493 362
Property, plant & equipment	11	140 878 357	141 737 594
Investment Property	12	85 644 952	85 760 987
Intangible Assets	13	1 851 194	2 301 474
Investments	14	26 027	26 027
Employee Benefits	4	57 977 544	54 667 280
<b>Current assets</b>		167 447 551	138 505 439
Inventory	15	3 365 246	3 500 044
Trade receivables - Exchange transactions	16	3 415 421	15 571 297
Other receivables - Non exchange transactions	17	1 753 125	2 171 782
Operating Lease Asset	18	57 256	80 500
VAT Receivable	10	33 045	2 524 641
Unpaid conditional grants and receipts	9	294 510	560 584
Employee Benefits	4	3 195 074	3 013 864
Cash and Cash Equivalents	19	155 333 873	111 082 727
<b>Total Assets</b>		<b>453 825 625</b>	<b>422 998 801</b>



**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

Note	2016 (Actual) R	2015 (Restated) R	Correction of error R	2015 (Previously reported) R
<b>REVENUE</b>	<b>Total</b>			<b>Total</b>
<b>Revenue from Non-Exchange Transactions</b>	160 317 187	167 753 179	-	167 753 179
<i>Transfer Revenue</i>	160 317 187	167 753 179	-	167 753 179
Regional Services Levies Equitable Share	20 138 902 000	134 097 000	-	134 097 000
Government grants and subsidies	20 21 415 187	33 656 179	-	33 656 179
<b>Revenue from Exchange Transactions</b>	187 599 033	158 447 649	(159 906)	158 607 555
Actuarial Gain	34 482 885	138 714	-	138 714
Contributed PPE	28 846	-	-	-
Contribution Shop Steward	602 999	761 433	-	761 433
Department of Transport - Roads Service Charges	21 160 732 598	135 416 124	-	135 416 124
Decrease in provision for Impairment of Trade Receivables	16 & 17 -	2 069 744	-	2 069 744
Decrease in provision for Alien Vegetation	5 -	330 772	-	330 772
Gains on disposal of property, plant and equipment	-	-	(50 026)	50 026
Interest earned - external investments	19 10 792 549	7 381 072	-	7 381 072
Interest earned - outstanding debtors	1 106 479	771 868	-	771 868
Licenses and permits	122 064	166 561	-	166 561
Other income	22 12 392 256	10 601 074	(42 451)	10 643 525
Stock gains	15 55 579	-	-	-
Rental of facilities and equipment	1 282 978	810 286	(67 429)	877 715
<b>Total Revenue</b>	<b>347 916 220</b>	<b>326 200 828</b>	<b>(159 906)</b>	<b>326 360 734</b>
<b>EXPENDITURE</b>				
Employee related costs	23 106 381 722	98 075 858	(18 663)	98 094 520
Employee related costs - Roads	24 60 440 070	57 433 427	-	57 433 427
Remuneration of Councillors	25 7 785 720	7 524 590	-	7 524 590
Fruitless and Wasteful expenditure	39.2 -	-	(599 540)	599 540
Impairment of Trade Receivables	16 & 17 7 817 253	-	-	-
Actuarial Loss	34 119 120	5 301 062	143 521	5 157 541
Impairment Losses	33 -	244 290 042	-	244 290 042
Increase in Provision for Alien Vegetation	5 (454 305)	-	-	-
Depreciation	26 2 798 706	2 723 575	39 084	2 684 491
Amortisation	13 479 510	596 904	-	596 904
Repairs and maintenance	27 3 900 347	3 396 598	-	3 396 598
Finance Charges	28 199 503	1 189 135	-	1 189 135
Contracted services	29 8 430 515	12 372 352	-	12 372 352
Roads - Operating Expenditure	30 84 758 842	64 197 097	-	64 197 097
Stock Losses	15 -	23 114	-	23 114
Unamortised Discount - Interest	3 9 410	51 615	-	51 615
Loss on disposal of property, plant and equipment	11 163 113	305 458	(160 503)	465 961
Loss on disposal of stock	-	25 518	-	25 518
Loss on damages	-	1 643 175	-	1 643 175
General Expenses	31 36 738 831	49 474 064	219 994	49 254 070
<b>Total Expenditure</b>	<b>319 568 356</b>	<b>548 623 583</b>	<b>(376 107)</b>	<b>548 999 690</b>
<b>SUPRPLUS / (DEFICIT) FOR THE YEAR</b>	<b>28 347 864</b>	<b>(222 422 752)</b>	<b>216 201</b>	<b>(222 638 953)</b>

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 2016**

	<u>Capital Replacement Reserve</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
	R	R	R
<b>2015</b>			
<b>Balance at 1 July 2014</b>	18 068 623	437 276 089	455 344 682
Correction of error (Note 33)	-	(4 460 224)	(4 460 224)
Changes in accounting policy	-	-	-
<b>Restated Balance</b>	<b>18 068 623</b>	<b>432 815 834</b>	<b>450 884 457</b>
<b>Surplus/(deficit) for the year</b>		(222 422 752)	-222 422 752
Purchases of Property, Plant and Equipment	(8 699 079)	8 699 079	
Contribution to Capital Replacement Reserve	12 000 818	(12 000 818)	-
Depreciation and amortisation transferred	3 281 365		
Purchases of Property, Plant and Equipment from own funds	8 899 079		
Car ports	20 342		
Transfers from Accumulated Surplus	-	-	
<b>Balance at 30 June 2015</b>	<b>21 370 360</b>	<b>207 091 345</b>	<b>228 461 705</b>
<b>Surplus/(deficit) for the year</b>		28 347 864	28 347 864
Purchases of Property, Plant and Equipment	(1 414 975)	1 414 975	
Contribution to Capital Replacement Reserve	4 720 252	(4 720 252)	-
Depreciation and amortisation transferred	3 278 218		
Purchases of Property, Plant and Equipment from own funds	1 414 975		
Car ports	27 061		
<b>Balance at 30 June 2016</b>	<b>24 675 638</b>	<b>232 133 932</b>	<b>256 809 589</b>



**EDEN DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 R	2015 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Other receipts		190 563 423	154 848 949
Government - operating		159 773 113	167 610 552
Government - capital		544 074	142 627
Interest		11 899 028	8 152 940
<b>Payments</b>			
Suppliers and employees		(312 168 792)	(281 483 313)
Finance charges	29	(199 503)	(1 189 135)
Cash generated/(absorbed) by operations	35	<u>50 411 343</u>	<u>48 082 623</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><u>50 411 343</u></u>	<u><u>48 082 623</u></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	11	(1 959 050)	(8 767 294)
Proceeds on disposal of property, plant and equipment		1 349	50 026
Additions to Investment Properties		-	-
Decrease / (Increase) in intangible assets	13	(29 230)	(74 414)
Decrease / (Increase) in employee benefits receivables		(3 491 474)	(5 987 928)
Decrease / (Increase) in non-current investments		-	14 747
Decrease / (Increase) in Discontinued Operations		-	-
Decrease in call investment deposits		-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>(5 478 405)</u>	<u>(14 764 864)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in Long term liabilities		(681 793)	(1 979 205)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(681 793)</u>	<u>(1 979 205)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u><u>44 251 146</u></u>	<u><u>31 338 553</u></u>
Cash and cash equivalents at the beginning of the year		<u>111 082 727</u>	<u>79 744 174</u>
Cash and cash equivalent at the end of the year	36	<u>155 333 873</u>	<u>111 082 727</u>



**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	155 191 730	148 630 000	6 562 736	Savings on budget resulting in excess funds to be invested/available in cash
Call investment deposits	142 137	-	142 137	This amount is included under cash on the final budget
Consumer debtors	1 782 868	14 940 000	(13 157 132)	Provision for bad debt not included in the final budget figure
Other Receivables	3 770 480	5 010 000	(1 240 511)	Interest raised on outstanding debtors increased
Current portion of long-term receivables	3 195 074	2 757 000	438 074	Increase in post retirement benefit liability, increased the long term debtor of Province
Inventory	3 385 246	4 270 000	(884 754)	Lower level of stock on hand
<b>Total current assets</b>	<b>187 447 651</b>	<b>178 637 000</b>	<b>-8 810 449</b>	
<b>Non current assets</b>				
Long-term receivables	57 977 544	57 970 000	296 544	Increase in post retirement benefit liability, increased the long term debtor of Province
Investments	29 027	20 000	27	Immaterial
Investment property	85 644 052	85 712 000	(67 048)	Immaterial
Property, plant and equipment	140 678 357	140 460 000	400 357	Immaterial
Biological Assets	-	-	-	
Intangible Assets	1 851 194	2 101 000	(249 806)	Impairment on intangible assets and decrease in purchases
Heritage Assets	-	-	-	
<b>Total non current assets</b>	<b>286 576 073</b>	<b>286 667 000</b>	<b>391 073</b>	
<b>TOTAL ASSETS</b>	<b>483 823 824</b>	<b>465 304 000</b>	<b>(17 519 824)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	-	-	-	
Trade and other payables	29 244 919	35 502 000	(6 257 081)	Additional payment run processed on 30 June 2016, thus decreasing provision for creditor at year end
Provisions and Employee Benefits	28 019 129	2 713 000	25 306 129	Budget was incorrectly linked to accumulated surplus and not to current liabilities line item
<b>Total current liabilities</b>	<b>57 264 049</b>	<b>38 215 000</b>	<b>19 049 049</b>	
<b>Non current liabilities</b>				
Borrowing	-	-	-	
Provisions and Employee Benefits	130 782 007	133 200 000	2 418 007	Increase in post retirement benefits
<b>Total non current liabilities</b>	<b>130 782 007</b>	<b>133 200 000</b>	<b>2 418 007</b>	
<b>TOTAL LIABILITIES</b>	<b>188 046 056</b>	<b>171 415 000</b>	<b>16 631 056</b>	
<b>NET ASSETS</b>	<b>295 777 768</b>	<b>293 889 000</b>	<b>(18 888 768)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	232 138 932	264 933 000	(32 794 068)	Budget incorrectly linked to accumulated surplus, should be linked to current liabilities
Reserves	24 675 636	25 170 000	(494 362)	Immaterial
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>256 814 568</b>	<b>290 103 000</b>	<b>(33 288 432)</b>	



**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	95 686 000	52 859 000	148 539 000	Increase in excess funds due to savings on budget, reallocation between cash and investment
Call Investment deposits		-		
Consumer debtors	6 756 000	8 188 000	14 948 000	Provision for bad debts not included in the Adjustment budget for January 2016, incorrect classification on budget between exchange and non exchange
Other Receivables	4 402 000	814 000	5 010 000	Incorrect classification on budget between exchange and non exchange receivables
Current portion of long-term receivables	2 534 000	223 000	2 757 000	Increase in long term receivable Department of Transport with regards to post retirement liability
Inventory	4 005 000	274 000	4 279 000	Immaterial
<b>Total current assets</b>	<b>113 385 000</b>	<b>62 162 000</b>	<b>176 637 000</b>	
<b>Non current assets</b>				
Long-term receivables	37 190 000	20 480 000	57 679 000	Increase in long term receivable Department of Transport aligned to audited AFS 30 June 2016
Investments	25 000 000	(24 974 000)	26 000	Correction to Cash line item as per audited AFS 30 June 2016
Investment property	300 577 000	(214 885 000)	85 712 000	Investment Property adjusted in January to be aligned to audited AFS 30 June 2015, 2016 R200m impairment was processed for revaluation of property, R200m impairment will not be repeated 30 June 2016, only when properties are revaluated again in future
Property, plant and equipment	146 406 000	(5 937 000)	140 469 000	Alignment of budget in January to audited AFS of 30 June 2015
Intangible Assets	3 088 000	(987 000)	2 101 000	Alignment of budget in January to audited AFS of 30 June 2015
Other Non-Current Assets	41 000	(41 000)	-	
<b>Total non current assets</b>	<b>512 282 000</b>	<b>(226 295 000)</b>	<b>285 987 000</b>	
<b>TOTAL ASSETS</b>	<b>625 667 000</b>	<b>(164 143 000)</b>	<b>461 524 000</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft				
Borrowing	700 000	(700 000)	-	Loans repaid in March 2016, long term loans and current portion of loans must be R0, therefore budget was adjusted
Trade and other payables	38 285 071	(783 071)	35 502 000	Immaterial
Provisions and Employee Benefits	22 088 000	(19 375 000)	2 713 000	Current portion of post retirement benefits incorrectly linked January 2016 to non current liabilities, therefore a decrease of R19m
<b>Total current liabilities</b>	<b>60 073 071</b>	<b>(20 858 071)</b>	<b>38 215 000</b>	
<b>Non current liabilities</b>				
Borrowing				
Provisions and Employee Benefits	116 416 000	17 791 000	133 206 000	Aligned to audited AFS 30 June 2016 to reflect increase in post retirement benefits, current portion not linked in January to current liabilities
<b>Total non current liabilities</b>	<b>116 416 000</b>	<b>17 791 000</b>	<b>133 206 000</b>	
<b>TOTAL LIABILITIES</b>	<b>176 489 071</b>	<b>(3 867 071)</b>	<b>171 621 000</b>	
<b>NET ASSETS</b>	<b>449 178 929</b>	<b>(160 276 029)</b>	<b>288 902 000</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	449 531 920	(184 698 920)	264 833 000	Surplus in budget aligned to audited AFS 30 June 2015, included in the audited figures are the impairment of R200m on properties that had to be adjusted with the January 2016 adjustment budget
Reserves	1 647 000	23 623 000	25 170 000	Alignment of CRR in January to audited AFS
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>451 178 929</b>	<b>(161 075 929)</b>	<b>290 103 000</b>	



**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R (Actual Amounts)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Rental of facilities and equipment	1 282 978	1 345 354	(62 376)	Immaterial
Interest earned - external investments	10 792 549	6 620 941	4 171 608	Excess funds invested to generate maximum interest
Interest earned - outstanding debtors	1 106 479	754 230	352 249	Increase in outstanding debtors
Agency services	15 533 686	15 682 010	(158 324)	Immaterial
Government Grants and Subsidies - Operating	160 317 187	196 908 662	(36 591 365)	R20m included from DWA as promulgated in DORA, subsequent received letter informing Eden that the R20m will not be paid to Eden
Other revenue	158 863 340	154 464 353	4 418 988	Additional revenue received
Gains on disposal of PPE	-	-	-	Immaterial
<b>Total Operating Revenue</b>	<b>347 916 220</b>	<b>375 785 440</b>	<b>(27 840 374)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	106 381 722	105 788 179	593 543	Vacancies not filled due to revised microstructure approved by council in June 2016
Employee related costs - Department of Transport	60 440 070	-	60 440 070	Roads budget included under other expenditure (one liner) on budget
Remuneration of councillors	7 785 720	8 295 786	(510 066)	Vacant position on executive mayoral committee, SASRIA insurance not utilized by councillors
Debt impairment	7 817 253	1 000 000	6 817 253	Increase in provision for bad debt, majority attributed to fire fighting accounts and councillor arrear accounts
Depreciation & asset impairment	3 278 216	3 800 000	(521 784)	Decrease in depreciation as a result of the review of useful lives
Finance charges	199 503	68 812	130 691	Immaterial
Contracted services	8 430 516	61 805 493	(53 474 977)	Included in the amount for contracted services is the grant of R20m that was not received from DWA, disaster recovery grant unspent of R7.4m
Grants and subsidies paid	-	122	(122)	Immaterial
Other expenditure	125 072 245	187 024 331	(61 962 086)	Roads employee related costs included under other expenditure budget
Loss on disposal of PPE	163 113	-	163 113	Assets not found during the asset count that had to be written off
<b>Total Operating Expenditure</b>	<b>319 568 357</b>	<b>367 882 723</b>	<b>(48 314 366)</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>28 347 863</b>	<b>7 902 717</b>	<b>20 473 992</b>	
Government Grants and Subsidies - Capital	-	-	-	
<b>Net Surplus/(Deficit) for the year</b>	<b>28 347 863</b>	<b>7 902 717</b>	<b>20 473 992</b>	

**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 20**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Rental of facilities and equipment	1 358 866	(11 512)	1 345 354	Immaterial
Interest earned - external investments	5 225 000	1 385 941	6 620 941	Excess funds utilized to maximize interest earned
Interest earned - outstanding debtors	681 250	72 980	754 230	Increase in outstanding debtors
Agency services	14 280 000	1 412 010	15 692 010	Additional allocation received from Department of
Government Grants and Subsidies - Operating	186 118 000	10 789 552	196 908 552	Roll over grants of R8.5m included in the adjustment
Other revenue	139 853 009	14 511 343	154 464 353	Additional allocation received from Department of
Gain on disposal of PPE				
<b>Total Operating Revenue</b>	<b>347 615 125</b>	<b>28 170 314</b>	<b>375 785 440</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	101 388 023	4 390 158	105 788 179	Increase aligned to audited AFS/actual expenditure
Employee related costs - Department of Transport	-	-	-	
Remuneration of councillors	8 495 786	(200 000)	8 295 786	immaterial
Debt impairment	1 000 000	-	1 000 000	no change
Depreciation & asset impairment	6 800 000	(3 000 000)	3 800 000	Aligned to audited AFS of 2014/2015
Finance charges	664 000	(595 188)	68 812	Loans redeemed in 2015/2016, finance charges adjusted downwards
Contracted services	7 214 183	54 691 311	61 905 493	Increased due to grant expenditure reclassified from grants and subsidies line item to contracted services
Grants and subsidies paid	47 217 000	(47 216 878)	122	Grants and subsidies unbundled from one line item to the different types of expenditure
Other expenditure	173 790 184	13 234 147	187 024 331	Increased due to grant expenditure reclassified from grants and subsidies line item to general expenditure
Loss on disposal of PPE				
<b>Total Operating Expenditure</b>	<b>346 579 176</b>	<b>21 303 547</b>	<b>367 882 723</b>	
<b>Operating Deficit for the year</b>	<b>1 035 950</b>	<b>6 866 767</b>	<b>7 902 717</b>	
Government Grants and Subsidies - Capital				
<b>Net Surplus for the year</b>	<b>1 035 950</b>	<b>6 866 767</b>	<b>7 902 717</b>	



**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Other receipts	180 563 423	181 991 817	8 571 606	
Government - operating	169 773 113	186 419 000	(26 645 887)	Additional revenue received R20m allocation promulgated in DORA from DWA not received by Eden DM
Government - capital	544 074	-	544 074	MSIG grant classified under operating grant income
Interest	11 999 028	8 620 941	6 278 087	Additional interest received on excess funds invested
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(312 188 792)	(307 628 637)	(4 640 156)	Transfer: end grants amount under transfers and grants on budget was incorrectly classified
Finance charges	(199 503)	(88 812)	(130 691)	Immaterial
Transfers and Grants	-	(47 617 000)	47 617 000	incorrectly classified on budget as transfers, should be suppliers and employee payments
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>60 411 343</b>	<b>19 917 310</b>	<b>28 494 033</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	1 349	-	1 349	Immaterial
Decrease/(increase) in non-current receivables	(3 491 474)	-	(3 491 474)	
Decrease / (increase) in non-current investments	-	-	-	
Decrease (Increase) other non-current receivables	-	28 000	(28 000)	Immaterial
<b>Payments</b>				
Capital assets	(1 988 280)	(2 290 500)	302 220	Savings on capital budget
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(5 478 405)</b>	<b>(2 294 500)</b>	<b>(3 213 905)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
<b>Payments</b>				
Repayment of borrowing	(881 793)	(884 000)	(17 793)	Loans redeemed in March 2016
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(881 793)</b>	<b>(884 000)</b>	<b>(17 793)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>44 251 146</b>	<b>16 098 810</b>	<b>27 262 338</b>	
Cash and Cash Equivalents at the beginning of the year	111 082 727	131 660 852	(20 467 925)	
Cash and Cash Equivalents at the end of the year	155 333 873	148 590 462	6 794 411	



**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	155 589 875	26 401 842	181 991 817	Additional allocations received from department of transport
Government - operating	186 119 000	300 000	186 419 000	Additional allocations received from Province, Financial Management assistance grant
Government - capital				
Interest	5 906 250	714 891	6 620 941	Increase due to excess funds invested, savings on budget
Dividends				
<b>Payments</b>				
Suppliers and Employees	(279 658 678)	(27 670 057)	(307 328 637)	Amount included under transfer and grants should be included under suppliers and employees, budget incorrectly linked
Finance charges	(684 000)	595 188	(88 812)	Immaterial
Transfers and Grants	(47 217 000)	(300 000)	(47 517 000)	Amount included under transfer and grants should be included under suppliers and employees, budget incorrectly linked
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>20 076 546</b>	<b>(168 236)</b>	<b>19 908 310</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets				
Decrease/(increase) in non-current receivables				
Decrease (increase) other non-current receivables		26 000	26 000	Immaterial
<b>Payments</b>				
Capital assets	(1 035 000)	(1 255 500)	(2 290 500)	Increase in capital budget
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(1 035 000)</b>	<b>(1 229 500)</b>	<b>(2 264 500)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing				
<b>Payments</b>				
Repayment of borrowing	(684 000)	-	(684 000)	no change
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(684 000)</b>	<b>-</b>	<b>(684 000)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>18 357 546</b>	<b>94 206 918</b>	<b>16 864 464</b>	
Cash and Cash Equivalents at the beginning of the year	35 956 000	-	131 550 652	
Cash and Cash Equivalents at the end of the year	54 313 546	94 206 918	148 519 462	





**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 20</b> (Original – June 2011)	<p><b>Related Party Disclosure</b></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>	<b>Unknown</b>
<b>GRAP 32</b> (Original – Aug 2013)	<p><b>Service Concession Arrangements: Grantor</b></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>	<b>Unknown</b>
<b>GRAP 108</b> (Original – Sept 2013)	<p><b>Statutory Receivables</b></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>	<b>Unknown</b>
<b>GRAP 109</b>	<p><b>Accounting by Principles and Agents</b></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 Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

IGRAP17	<p><b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</b></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
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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 provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

**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.

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

#### **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 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.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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;
  - 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.



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

**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.



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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

#### **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 charged against income 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.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**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 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

## ***EDEN DISTRICT MUNICIPALITY***

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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, it's 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	15 – 35	Buildings	5 – 101
		Other vehicles	5 – 36
<b><u>Community</u></b>		Office equipment	5 – 30
Recreational Facilities	10 – 35	Furniture and fittings	2 – 53
		Bins and containers	8 – 35
		Specialised plant and Equipment	2 – 26
		Fire Engines	8 – 31
		Emergency equipment	3 – 21
		Computer equipment	2 – 34
		Disaster Management Equipment	13 – 14

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:

- 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5 - 19

**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.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**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.

**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	24 - 101

**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. INVENTORIES**

**1.20.1. 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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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

#### **1.20.2. 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.

#### **1.21. 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.

##### **1.21.1. 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.

##### **1.21.2. 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.

###### **1.21.2.1. Receivables**



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

**1.21.2.2. 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.

**1.21.2.3. 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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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.

**1.21.2.4. 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.

**1.21.3. De-recognition of Financial Instruments**

**1.21.3.1. 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.

**1.21.3.2. Financial Liabilities**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

#### **1.21.4. 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

#### **1.22. 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.

##### **1.22.1. Initial Recognition**

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

##### **1.22.2. 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.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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.

#### **1.22.3. 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.

#### **1.23. REVENUE**

##### **1.23.1. 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

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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 recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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.

#### **1.23.2. 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:

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

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.

#### **1.24. TRANSFER OF FUNCTION (Municipality as Acquirer)**

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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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.

#### **1.25. 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.





**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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:

## ***EDEN DISTRICT MUNICIPALITY***

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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- (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.

#### **1.26. 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.

#### **1.27. 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.

#### **1.28. 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.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

#### **1.29. 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.

#### **1.30. 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:

##### **1.30.1. 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.

##### **1.30.2. 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.

##### **1.30.3. 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.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

- 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.

#### **1.30.4. 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.

#### **1.30.5. 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.

#### **1.30.6. Revenue Recognition**

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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.

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.

#### **1.30.7. 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 performed in-house.

#### **1.30.8. 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.

#### **1.30.9. 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.

#### **1.30.10. 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.

#### **1.30.11. 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.

### **1.31. 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.

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**1.32. CAPITAL COMMITMENTS**

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

**1.33. EVENTS AFTER REPORTING DATE**

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

- 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.

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**NET ASSET RESERVES**

**RESERVES**

Capital Replacement Reserve  
Accumulated Surplus

	2016 R	2015 R
	256 800 500	228 481 705
	24 675 638	21 370 360
	232 133 632	207 091 345
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>256 800 500</b>	<b>228 481 705</b>

**Total Housing Development Fund Assets and Liabilities**

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

**LONG TERM LIABILITIES**

Capitalised Lease Liability - At amortised cost

DBSA Loans - At amortised cost

Sub-total

Less: Unamortised Charges to Loans

Balance 1 July

Adjustment for the Year

Sub-total

Less: Current portion transferred to current liabilities

Current Portion of long term liabilities - At amortised cost

Current Portion of Unamortised Charges to Loans

	-	681 204
	-	681 204
	-	9 410
	9 410	61 024
	(9 410)	(51 614)
	-	681 794
	-	681 794
	-	681 204
	-	(9 410)
	-	-

**Total Long-term Liabilities - At amortised cost using the effective interest rate method**

Annuity loans at amortised cost is calculated at 9.20%-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:

Amounts payable under long-term loans

Payable within one year

Payable within two to five years

Payable after five years

Less: Future finance obligations

Present value of loan obligations

Less: Amounts due for settlement within 12 months

Amount due for settlement after 12 months

	Minimum Loan Payments	
	2016	2015
	-	716 905
	-	-
	-	716 905
	-	(25 790)
	-	681 205
	-	(681 204)
	-	-

**EMPLOYEE BENEFITS**

**Employee Benefits - Liabilities (Note 4.1)**

Provision for Post Employment Health Care Benefits

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.8

Roads - Provision for Post Employment Health Care Benefits

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.8

Provision for Ex-Gratia Pension Benefits

Roads - Provision for Ex-Gratia Pension Benefits

Provision for Long Service Leave Awards

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.8

Roads - Provision for Long Service Leave Awards

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.8

Less Short Term Portion Transferred to Current Provisions

**Total Non-current Employee Benefit Liabilities**

	2016 R	2015 R
	75 684 480	70 574 868
	-	70 773 219
	-	(198 351)
	55 315 202	51 675 584
	-	51 736 843
	-	(61 279)
	200 288	448 818
	495 730	615 344
	7 336 316	7 717 133
	-	5 310 637
	-	2 408 496
	5 381 686	5 390 236
	-	3 525 661
	-	1 864 575
	144 483 702	136 422 964
	(7 311 050)	(7 243 148)
	137 162 652	129 179 816

**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:

Roads - Provision for Post Employment Health Care Benefits (Note 4.3)

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.8

Roads - Provision for Ex-Gratia Pension Benefits (Note 4.3)

Roads - Provision for Long Service Leave Awards (Note 4.3)

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.8

Less Short Term Portion Transferred to Current Employee Benefits Receivable (Note 4.3)

	55 315 202	51 675 584
	-	51 736 843
	-	(61 279)
	495 730	615 344
	5 381 686	5 390 236
	-	3 525 661
	-	1 864 575
	61 172 618	57 881 144
	3 165 074	3 013 884
	67 977 644	54 667 280



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**4.1 EMPLOYEE BENEFITS - LIABILITY**

Post Employment Health Care Benefits

<b>Balance 1 July</b>		
Balance previously reported		107 374 770
Correction of error: Incorrect Application of Assumptions - Note 32.8		(69 925)
<b>Contribution for the year</b>		3 521 411
Balance previously reported		3 640 318
Correction of error: Incorrect Application of Assumptions - Note 32.8		(118 905)
<b>Interest Cost</b>		9 346 400
Balance previously reported		9 353 001
Correction of error: Incorrect Application of Assumptions - Note 32.8		(6 601)
<b>Expenditure for the year</b>		(4 603 528)
Balance previously reported		(4 603 528)
Correction of error: Incorrect Application of Assumptions - Note 32.8		-
<b>Actuarial Loss/(Gain)</b>		6 581 303
Balance previously reported		6 645 602
Correction of error: Incorrect Application of Assumptions - Note 32.8		(64 199)
<b>Total post retirement benefits 30 June</b>		122 250 431
<b>Less:</b> Transfer of Current Portion - Note 6		(5 833 044)
Balance previously reported		(5 075 772)
Correction of error: Incorrect Application of Assumptions - Note 32.8		-
<b>Balance 30 June</b>		117 174 659

2016	2015
R	R
122 250 431	107 304 845
	107 374 770
	(69 925)
3 809 765	3 521 411
	3 640 318
	(118 905)
10 364 568	9 346 400
	9 353 001
	(6 601)
(5 075 772)	(4 603 528)
	(4 603 528)
	-
(369 310)	6 581 303
	6 645 602
	(64 199)
130 679 682	122 250 431
(5 833 044)	(5 075 772)
	(5 075 772)
	-
125 146 638	117 174 659

**4 EMPLOYEE BENEFITS (CONTINUED)**

Long Service Leave Benefits

<b>Balance 1 July</b>		
Balance previously reported		7 658 931
Correction of error: Incorrect Application of Assumptions - Note 32.8		4 350 325
<b>Contribution for the year</b>		839 193
Balance previously reported		597 585
Correction of error: Incorrect Application of Assumptions - Note 32.8		241 608
<b>Interest Cost</b>		571 372
Balance previously reported		602 059
Correction of error: Incorrect Application of Assumptions - Note 32.8		(30 687)
<b>Expenditure for the year</b>		(1 810 341)
Balance previously reported		(825 436)
Correction of error: Incorrect Application of Assumptions - Note 32.8		(784 905)
<b>Actuarial Loss/(Gain)</b>		999 889
Balance previously reported		505 179
Correction of error: Incorrect Application of Assumptions - Note 32.8		494 710
<b>Total post retirement benefits 30 June</b>		13 107 369
<b>Less:</b> Transfer of Current Portion - Note 6		(1 902 017)
Balance previously reported		(1 351 940)
Correction of error: Incorrect Application of Assumptions - Note 32.8		(610 077)
<b>Balance 30 June</b>		11 145 352

2016	2015
13 107 369	12 307 256
	7 658 931
	4 350 325
935 893	839 193
	597 585
	241 608
613 342	571 372
	602 059
	(30 687)
(1 250 934)	(1 810 341)
	(825 436)
	(784 905)
(707 689)	999 889
	505 179
	494 710
12 696 001	13 107 369
(1 314 027)	(1 902 017)
	(1 351 940)
	(610 077)
11 383 974	11 145 352

Ex-Gratia Pension Awards

<b>Balance 1 July</b>		
Contribution for the year		-
Interest Cost		92 399
Expenditure for the year		(230 481)
Actuarial Loss/(Gain)		(156 900)
<b>Total post retirement benefits 30 June</b>		1 005 163
<b>Less:</b> Transfer of Current Portion - Note 6		(163 979)
<b>Balance 30 June</b>		859 804

R	R
1 005 163	1 360 125
-	-
72 261	92 399
(205 359)	(230 481)
(146 046)	(156 900)
786 019	1 005 163
(163 979)	(205 359)
622 040	859 804

TOTAL NON-CURRENT EMPLOYEE BENEFITS

<b>Balance 1 July</b>		
Contribution for the year		4 745 658
Interest Cost		11 060 171
Expenditure for the year		(6 532 065)
Actuarial Loss/(Gain)		(1 223 025)
<b>Total post retirement benefits 30 June</b>		144 463 702
<b>Less:</b> Transfer of Current Portion - Note 6		(7 311 050)
<b>Balance 30 June</b>		137 152 652

136 422 963	120 672 226
4 745 658	4 360 604
11 060 171	10 010 171
(6 532 065)	(6 344 330)
(1 223 025)	7 424 292
144 463 702	136 422 963
(7 311 050)	(7 243 148)
137 152 652	129 179 815

**4.1.1 Post Retirement Benefits**

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

In-service (employee) members	291
Continuation members (e.g. retirees, widows, orphans)	182
<b>Total Members</b>	<b>474</b>

2016	2015
Members	Members
291	322
182	152
473	474

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

In-service members	24 562 583
Roads - In-service members	25 618 998
Continuation members	51 101 895
Roads - Continuation members	29 695 204
<b>Total Liability</b>	<b>130 979 680</b>

2016	2015
R	R
24 562 583	27 765 008
25 618 998	25 100 227
51 101 895	42 809 857
29 695 204	26 575 336
130 979 680	122 250 431





**EDEN DISTRICT MUNICIPALITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**EMPLOYEE BENEFITS (CONTINUED)**

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

	2012 R	2013 R	2014 R
In-service members			
Roads - In-service members	20 197 605	20 979 543	24 979 088
Continuation members	18 090 395	19 704 991	22 843 458
Roads - Continuation members	24 236 421	34 819 312	36 304 062
	25 786 720	21 096 535	23 157 283
	<u>88 281 231</u>	<u>96 600 381</u>	<u>107 374 771</u>

Experience adjustments were calculated as follows:

	2012 R (Millions)	2013 R (Millions)	2014 R (Millions)
Liabilities: (Gain) / loss		1 839	6 173
		2013 R (Millions)	2014 R (Millions)
Liabilities: (Gain) / loss	(3.806)	6.190	2 102

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

- Bonitas;
- Keyhealth
- LA Health
- Hoamed
- SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R 3,435,209, whereas the Interest - Cost for the next year is estimated to be R11,479,204.

Key actuarial assumptions used:

	2016 %	2015 %
i) Rate of Interest		
Discount rate		
Health Care Cost Inflation Rate	8.06%	8.86%
Net Effective Discount Rate	8.08%	7.00%
	0.81%	0.70%

The discount rate used is a composite of all government bonds and is calculated using a technique 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) Expected Salary Increases

2016/2017 - average CPI (Feb 2015 – Jan 2016) + 1 per cent

2017/2018 - average CPI (Feb 2016 – Jan 2017) + 1 per cent

v) 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:

	2016 R	2015 R
Present value of fund obligations	76 884 480	70 574 868
Roads - Present value of fund obligations	53 316 202	51 675 505
<b>Net liability/(asset)</b>	<u>130 979 682</u>	<u>122 250 431</u>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 165 (e).

Reconciliation of present value of fund obligation:

	2016	2015
Present value of fund obligation at the beginning of the year	122 250 431	107 304 845
Current service cost	3 809 766	3 521 411
Interest Cost	10 364 588	9 348 400
Benefits Paid	(5 075 772)	(4 503 826)
Total expense	131 348 922	116 669 128
Actuarial (gains) / losses	(309 310)	6 681 303
Present value of fund obligation at the end of the year	<u>130 979 682</u>	<u>122 250 431</u>

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		50 183	80 707	130 890	
Health care inflation	1%	61 280	86 720	160 980	16.00%
Health care inflation	-1%	41 484	73 241	114 725	-12.00%
Discount Rate	1%	41 614	73 356	114 970	-12.00%
Discount Rate	-1%	61 276	89 738	161 014	16.00%
Post retirement mortality	- 1 yr	51 870	84 012	136 882	4.00%
Average retirement age	+ 1 yr	53 831	80 787	134 628	3.00%
Continuation of membership at retirement	-10%	44 974	80 787	126 771	-4.00%

  

Assumption	Change	Current-service Cost R	Interest Cost R	Total R	% change
Central Assumption		3 809 800	10 364 600	14 174 400	
Health care inflation	1%	4 736 900	12 020 800	16 757 700	18.00%
Health care inflation	-1%	3 064 900	9 022 400	12 117 300	-16.00%
Discount Rate	1%	3 133 400	10 086 800	13 220 000	-7.00%
Discount Rate	-1%	4 665 900	10 635 600	15 301 500	8.00%
Post-retirement mortality	-1 year	3 835 000	10 785 100	14 700 100	4.00%
Average retirement age	-1 year	4 003 300	14 701 000	14 704 300	4.00%
Withdrawal Rate	-10%	3 441 400	9 889 100	13 330 500	-6.00%

**4.1.2 Provision for Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 483 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 921,006, whereas the Interest - Cost for the next year is estimated to be R 1,028,841.

Key actuarial assumptions used:

	2016 %	2015 %
i) Rate of Interest		
Discount rate		
General Salary Inflation (long-term)	6.53%	7.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	7.19%	7.00%
	1.25%	0.74%

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



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**EMPLOYEE BENEFITS (CONTINUED)**

**ii) Actuarial Valuation Method**

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

**Analysis of accrued liability**

Fair value of plan assets -  
Accrued Liability  
Roads - Accrued Liability  
Net liability / (asset)

2016 R	2015 R
7 338 316	7 717 133
5 381 888	5 390 236
<u>12 698 002</u>	<u>13 107 369</u>

**Reconciliation of accrued liability values:**

Present value of fund obligation at the beginning of the year  
Current service cost  
Interest Cost  
Benefits Paid

13 107 369	12 307 256
835 893	839 193
813 342	571 372
(1 250 934)	(1 810 341)

Total expense  
Actuarial (gains) / losses

13 405 870	12 107 480
(707 868)	699 889

Present value of fund obligation at the end of the year

<u>12 698 002</u>	<u>13 107 369</u>
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The amounts recognised in the Statement of Financial Position are as follows:

Accrued Liability  
Roads - Accrued Liability  
Net liability

7 338 316	7 717 133
5 381 888	5 390 236
<u>12 698 002</u>	<u>13 107 369</u>

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

	2012 R	2013 R	2014 R
Accrued Liability	4 173 617	4 382 238	7 306 678
Roads - Accrued Liability	2 489 304	3 113 523	5 000 578
<b>Total Liability</b>	<u>6 672 821</u>	<u>7 475 761</u>	<u>12 307 256</u>

Experience adjustments were calculated as follows:

	2016 R	2015 R
Liabilities: (Gain) / loss	528 031	958 647

Liabilities: (Gain) / loss

	2012 R	2013 R	2014 R
Liabilities: (Gain) / loss	57 887	356 588	78 018

**Sensitivity Analysis on the Unfunded Accrued Liability**

**Assumption**

Central assumptions  
General salary inflation  
General salary inflation  
Discount Rate  
Discount Rate  
Average retirement age  
Average retirement age  
Withdrawal rates

Change	Liability (Rm)	% change
	12 698	
+ 1%	13 096	8%
- 1%	11 831	-7%
+ 1%	11 831	-7%
- 1%	13 681	8%
-2 yrs	11 054	-13%
+2 yrs	13 644	7%
-50%	14 826	17%

**4.1.3 Provision for Ex-Gratia Pension Benefits**

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 14 former 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 57 014.

Key actuarial assumptions used:

**i) Rate of Interest**

Discount rate  
Pension Increase Rate  
Net Effective Discount Rate: pensioners with pension increases of 50% of DPI

2016 %	2015 %
8.08%	7.46%
2.80%	3.06%
5.05%	4.30%

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:

Accrued Liability  
Roads - Accrued Liability  
Net liability

2016 R	2015 R
290 288	449 819
495 730	615 344
<u>786 018</u>	<u>1 065 163</u>

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

	2012 R	2013 R	2014 R
Accrued Liability	1 009 245	1 007 190	848 802
Roads - Accrued Liability	1 002 246	855 875	713 322
<b>Total Liability</b>	<u>2 011 491</u>	<u>1 863 065</u>	<u>1 562 124</u>

Experience adjustments were calculated as follows:

	2016 R	2015 R
Liabilities: (Gain) / loss	(120 052)	(153 581)

Assets: Gain / (loss)

	2012 R	2013 R	2014 R
Liabilities: (Gain) / loss	(225 549)	(84 992)	(270 057)

Assets: Gain / (loss)

**Analysis of accrued liability**

Fair value of plan assets -  
Accrued Liability  
Roads - Accrued Liability  
Net liability / (asset)

2016 R	2015 R
290 288	449 819
495 730	615 344
<u>786 018</u>	<u>1 065 163</u>

## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 4 EMPLOYEE BENEFITS (CONTINUED)

#### Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year  
Interest Cost  
Benefits Paid  
Total expenses  
Actuarial (gains) / losses  
Present value of fund obligation at the end of the year

	2016 R	2015 R
Present value of fund obligation at the beginning of the year	1 065 163	1 360 125
Interest Cost	72 261	92 309
Benefits Paid	(205 359)	(230 461)
Total expenses	932 065	1 222 063
Actuarial (gains) / losses	(146 047)	(156 900)
Present value of fund obligation at the end of the year	786 018	1 065 163

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		72 261	
Pension increase rate	+1%	76 698	5%
Pension increase rate	-1%	66 845	-5%
Discount Rate	+1%	76 240	6%
Discount Rate	-1%	65 662	-6%
Post-retirement mortality	- 1 yr	76 360	6%

### 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 claims 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.

#### Cape Joint Pension Fund

The contribution rate payable is 9% by members and 16% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 163.1% (30 June 2014 - 101.7%).

Contributions paid recognised in the Statement of Financial Performance

2016 R	2015 R
123 118	55 615

#### Cape Retirement Fund

The contribution rate payable is 9% by members and 16% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 96.5%).

Contributions paid recognised in the Statement of Financial Performance

15 468 965	22 598 600
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#### Defined Contribution Plans

Council contribute to the Municipal Council Pension Fund and the NMRWF 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

18 522	18 527
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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

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.9

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

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.9

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

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.9

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

Balance previously reported

Correction of error: Incorrect Application of Assumptions - Note 32.9

Total

55 315 202	51 675 564
	51 736 843
	(61 279)
465 730	615 344
5 361 686	5 390 236
	3 525 661
	1 864 576
61 172 618	57 661 144
3 165 074	3 013 664
2 463 232	2 247 826
	2 247 826
	-
102 269	117 462
609 573	648 664
	391 466
	267 069
57 977 544	54 667 280

#### 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.

A technical query has been lodged with the Office of the Auditor General, National Treasury and Provincial Treasury with regards to the ownership of the post employment benefits of the Roads' Agency Function.

### NON-CURRENT PROVISIONS

Provision for Alleviation of Alien Vegetation on Council Properties

Less current portion transferred to Current Provisions - Note 7

Total Non-Current Provisions

Clearing of Alien Vegetation

Balance 1 July

Increase / (Decrease) in the provision for the year

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 7

Balance 30 June

2016 R	2015 R
4 976 176	5 429 463
(2 375 623)	(2 312 451)
2 599 355	3 117 032
5 429 463	5 760 255
(464 305)	(330 772)
4 976 176	5 429 463
(2 375 623)	(2 312 451)
2 599 355	3 117 032

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**5 NON-CURRENT PROVISIONS (CONTINUED)**

These provision is made in order to enable the District Municipality to be in a position to fulfil its known legal obligation when it becomes due and payable.

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 a reputable financial institution. The following rate was used - 6% (2015 - 5%)

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

**6 CURRENT EMPLOYEE BENEFITS**

	2016 R	2015 R
Performance Bonuses	515 015	481 322
Provision for Staff Leave	7 108 640	6 750 937
Balance previously reported	-	4 821 127
Correction of error for staff leave provision - Note 32.9	-	1 829 810
Provision for Staff Bonus	2 558 742	2 409 795
Roads - Provision for Staff Leave	4 305 878	4 140 430
Balance previously reported	-	3 057 331
Correction of error for staff leave provision	-	1 083 099
Roads - Provision for Staff Bonus	1 815 654	1 787 804
	7 311 050	7 243 148
Current Portion of Employee Benefit Provisions - Note 4	4 116 976	4 229 284
Balance previously reported		3 876 298
Correction of error for staff leave provision - Note 32.		362 988
Current Portion of Employee Benefit Provisions - Roads - Note 4	3 185 074	3 013 864
Balance previously reported		2 768 775
Correction of error for staff leave provision - Note 32.		257 089
Provision Shift Allowances	1 082 500	1 237 618
Provision for Leave days paid	737 176	412 888
Balance previously reported		-
Correction of error for staff leave provision - Note 32.9		412 888
Roads - Provision for Leave days paid	208 651	110 830
Balance previously reported		-
Correction of error for staff leave provision - Note 32.9		110 830
<b>Total Provisions</b>	<b>25 843 308</b>	<b>24 574 770</b>

**Roads - Performance Bonus**

	Performance Bonus
30-Jun-16	
Balance at beginning of year	481 322
Overprovision previous year	(81 884)
Utilised during the year	(419 438)
Contributions/ (Reversal) to/of provision - current year provision	515 015
<b>Balance at end of year</b>	<b>515 015</b>
30-Jun-15	
Balance at beginning of year	509 294
Overprovision previous year	(145 498)
Utilised during the year	(335 823)
Contributions to provision - current year provision	463 350
<b>Balance at end of year</b>	<b>481 322</b>

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

**Roads - Staff Leave**

	Staff Leave
30-Jun-16	
Balance at beginning of year	6 750 938
Overprovision previous year	(530 883)
Contributions to provision - current year provision	1 794 675
Utilised during the year	(906 291)
<b>Balance at end of year</b>	<b>7 108 640</b>
30-Jun-15	
Balance at beginning of year	4 779 885
Underprovision previous year	2 325 239
Contributions to provision - current year provision	13 030
Utilised during the year	(367 196)
<b>Balance at end of year</b>	<b>6 750 938</b>

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

**Roads - Staff Bonus**

	Staff Bonus
30-Jun-16	
Balance at beginning of year	2 409 795
Contributions to provision - current year provision	801 022
Utilised during the year	(452 075)
<b>Balance at end of year</b>	<b>2 558 742</b>
30-Jun-15	
Balance at beginning of year	2 300 159
Contributions to provision - current year provision	4 190 491
Utilised during the year	(4 080 855)
<b>Balance at end of year</b>	<b>2 409 795</b>

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**6 CURRENT EMPLOYEE BENEFITS (CONTINUED)**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the 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

	2016 R	2015 R
<b>Provision Shift Allowances</b>		
Balance at beginning of year	1 237 618	1 237 618
Expenditure incurred	(155 118)	-
<b>Balance at end of year</b>	<b>1 082 500</b>	<b>1 237 618</b>
	<b>Roads - Leave Days Paid</b>	<b>Leave Days Paid</b>
<b>30-Jun-16</b>		
Balance at beginning of year	110 830	412 887
Contributions to provision - current year provision	97 821	324 290
<b>Balance at end of year</b>	<b>208 650</b>	<b>737 176</b>
<b>30-Jun-15</b>		
Balance at beginning of year	-	-
Underprovision previous year	44 393	148 648
Contributions to provision - current year provision	66 437	264 230
<b>Balance at end of year</b>	<b>110 830</b>	<b>412 887</b>

**7 PROVISIONS**

Current Portion of Alleviation of Alien Vegetation	2 375 823	2 312 451
<b>Total Provisions</b>	<b>2 375 823</b>	<b>2 312 451</b>

**8 PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Trade Payables</b>	1 615 295	7 565 157
Other creditors	1 641 344	2 675 581
Balance previously reported	-	2 924 503
Correction of error - provision for trade payables - Note 32.2	-	(265 066)
Correction of error - VAT output on fire fees and rental debtors - Note 32.2	-	88 902
Correction of error - over provision for compensation commissioner expenses in 2014-15 - Note 32.2	-	(72 724)
<b>Public Holiday Payments</b>	310 789	310 789
<b>Deposits</b>	1 241 568	1 125 982
Deposits: Swartvlei	612 288	614 367
Deposits: Victoria Bay	235 055	226 784
Deposits: Celtzodorp Spa	149 476	119 353
Deposits: De Hoek	244 758	165 508
<b>Roads - Payment Received In Advance</b>	1 000 000	1 000 000
<b>Roads - Other creditors</b>	2 339 704	2 064 610
<b>Government subsidies: Department of Transport - Roads</b>	3 485 204	6 318 228
Balance previously reported	-	9 512 167
Correction of leave days paid - Roads	-	(1 083 066)
Correction of staff leave provision - Roads	-	(110 830)
<b>Debtors with credit balances</b>	65 032	101 797
<b>Total Trade Payables</b>	<b>11 705 954</b>	<b>23 191 545</b>

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

**9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

<b>Unspent Grants</b>	17 537 796	11 458 071
National Government Grants	15 021 377	5 879 180
Provincial Government Grants	1 229 430	4 072 849
Other Grant Providers	1 286 989	1 506 282
<b>Less: Unpaid Conditional Grants</b>	<b>294 510</b>	<b>660 884</b>
National Government Grants	294 510	252 624
Other Grant Providers	-	408 260
<b>Total Conditional Grants and Receipts</b>	<b>17 243 286</b>	<b>10 897 186</b>

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

**10 TAXES**

	2016 R	2015 R
<b>VAT Receivable</b>	33 045	2 524 841
Balance previously reported	-	2 369 457
Correction of error - Input not claimed on insurance premiums - Note 32.4	-	176 163
Correction of error - VAT on fire services accounts - Note 32.4	-	(20 779)
	33 045	2 524 841

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 2016

11 PROPERTY PLANT & EQUIPMENT (CONTINUED)

	Cost				Accumulated Impairments				Accumulated Depreciation											
	Opening Balance	Class Transfer	Opening Balance (after class transfers)	Class Transfer	Additions	Reversal	Disposal	Closing Balance	Opening Balance	Class Transfer	Additions	Disposals	Closing Balance	Carrying Value						
<b>Other Assets</b>	32 677 869	-	32 677 869	-	2 804 410	-	1 109 893	34 372 416	23 844	-	-	-	23 844	20 786 169	1 708 008	789 360	-	21 762 816	12 850 960	
Office Equipment	2 544 420	-511	2 543 909	207 030	207 030	-	2 843 919	-	-	-	-	-	-	1 583 976	168 187	138 689	-	1 658 177	980 342	
Balance previously reported	2 536 065	-811	2 535 254	207 030	207 030	-	2 835 939	-	-	-	-	-	-	1 583 143	164 065	137 487	-	1 658 143	981 392	
Correction of error previously disclosed (now found) - Note 33.1	-	-	-	-	(27 896)	-	27 896	-	-	-	-	-	-	22 282	1 371	(20 881)	-	-	5 330	
Correction of error identified for the first time - Note 33.1	9 385	-	9 385	-	-	-	9 385	-	-	-	-	-	-	5 059	-	729	-	-	5 782	
Furniture and Fittings	4 746 400	-4 721	4 741 679	182 585	178 742	-	4 727 922	-	-	-	-	-	-	3 215 410	-118	3 198 284	219 880	158 193	3 200 851	1 404 632
Balance previously reported	4 696 100	-4 721	4 695 379	182 585	200 382	-	4 895 913	-	-	-	-	-	-	3 169 403	-118	3 169 284	219 880	158 193	3 200 851	1 404 632
Correction of error previously disclosed (now found) - Note 33.1	-	-	-	-	(23 820)	-	23 820	-	-	-	-	-	-	26 008	-	26 008	3 715	-	19 520	4 079
Correction of error identified for the first time - Note 33.1	49 300	-	49 300	-	-	-	49 300	-	-	-	-	-	-	-	-	-	-	-	28 728	18 077
Bins and Containers	459 191	-	459 191	-	-	-	459 191	-	-	-	-	-	-	224 625	-	224 625	44 311	-	269 136	181 055
Emergency equipment	1 654 811	-	1 654 811	136 545	27 692	-	1 858 364	-	-	-	-	-	-	1 070 818	-	1 070 818	97 695	18 332	1 149 990	518 074
Balance previously reported	1 462 391	-	1 462 391	136 545	47 894	-	1 690 824	-	-	-	-	-	-	1 021 483	-	1 021 483	99 989	34 321	1 070 700	474 262
Correction of error previously disclosed (now found) - Note 33.1	-	-	-	-	(30 380)	-	30 380	-	-	-	-	-	-	48 085	-	48 085	742	(16 960)	18 782	3 861
Correction of error identified for the first time - Note 33.1	91 120	-	91 120	-	-	-	91 120	-	-	-	-	-	-	-	-	-	7 194	-	88 308	94 862
Motor Vehicles	4 912 811	-	4 912 811	99 491	74 967	-	4 954 115	-	-	-	-	-	-	2 824 807	-	2 824 807	223 060	40 242	2 908 226	2 125 890
Balance previously reported	4 912 811	-	4 912 811	99 491	79 737	-	4 929 345	-	-	-	-	-	-	2 824 807	-	2 824 807	223 262	43 340	2 904 730	2 134 615
Correction of error previously disclosed (now found) - Note 33.1	-	-	-	-	(4 770)	-	4 770	-	-	-	-	-	-	368	-	368	(3 007)	-	3 465	1 275
Fire Engines	4 909 917	-	4 909 917	1 235 000	70 290	-	5 773 927	23 844	-	-	-	-	-	2 309 629	-	2 309 629	228 551	38 873	2 467 307	3 292 678
Computer Equipment	7 340 354	-	7 340 354	690 398	499 283	-	7 759 467	-	-	-	-	-	-	4 412 282	-	4 412 282	500 999	314 769	4 678 482	3 071 975
Balance previously reported	7 317 467	-	7 317 467	690 398	713 985	-	7 484 486	-	-	-	-	-	-	4 399 724	-	4 399 724	559 629	489 037	4 472 316	2 982 182
Correction of error previously disclosed (now found) - Note 33.1	-	-	-	-	(267 116)	-	267 116	-	-	-	-	-	-	16 536	-	16 536	2 220	-	188 418	66 904
Correction of error identified for the first time - Note 33.1	26 887	-	26 887	-	-	-	26 887	-	-	-	-	-	-	-	-	-	-	-	17 780	11 009
Plant and Equipment	1 709 321	8 232	1 709 853	106 363	99 419	-	1 718 525	-	-	-	-	-	-	1 054 328	483	1 054 811	115 488	71 117	1 109 189	609 343
Balance previously reported	1 685 728	8 232	1 690 958	106 363	108 312	-	1 692 130	-	-	-	-	-	-	1 054 885	483	1 055 337	115 704	76 635	1 063 208	596 924
Correction of error previously disclosed (now found) - Note 33.1	-	-	-	-	(8 861)	-	8 861	-	-	-	-	-	-	9 474	-	9 474	453	(4 719)	5 172	3 830
Correction of error identified for the first time - Note 33.1	17 594	-	17 594	-	-	-	17 594	-	-	-	-	-	-	-	-	-	-	-	10 905	6 799
Disaster Management Equipment	4 832 105	-	4 832 105	-	-	-	4 832 105	-	-	-	-	-	-	4 310 449	-	4 310 449	66 843	-	4 367 362	484 713
<b>Restated Balance</b>	327 261 042	138 000	327 399 042	8 787 294	1 133 099	-	335 053 237	23 844	158 739 953	-	-	-	158 813 207	32 873 250	-	32 873 250	2 630 044	700 657	34 502 437	143 732 852

The leased property, plant and equipment is secured as set out in Note 3.



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	2016 R	2015 R	
Third party payments received for losses incurred:			
Payments received (Excluding VAT)	60 125	204 949	
Carrying value of assets written off/lost	<u>(164 462)</u>	<u>(355 484)</u>	
Surplus/Deficit	<u>(104 337)</u>	<u>(160 536)</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	-	-	
	<u>-</u>	<u>158 789 563</u>	
<b>Effect of changes in accounting estimates</b>			
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:			
	2016 R	2017 R	2018 R
Decrease in Accumulated Depreciation: Property, plant and equipment	<u>(672 644)</u>	<u>(542 006)</u>	<u>(542 008)</u>

**Additional disclosure matter:**

**Transfer of property to local (B) Municipalities:**

**Plan to transfer not yet finalised:**

On 26 May 2015 a Council Resolution was taken to transfer portion 119 farm 60 Calitzdorp to Kennaland Municipality and portion 0 of farm 185 Knaalbosch to George Municipality. In 2016 the previously elected Council resolved to place the transfer of the Victoria Bay to George Municipality and Calitzdorp Spa to Kennaland Municipality on hold. The newly inaugurated Council can take a decision whether these properties must be transferred. 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 113 000
- Buildings R4 221 033

**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 802 251
- Buildings R 741 213

**12 INVESTMENT PROPERTY**

	2016 R	2015 R	
Net Carrying amount at 1 July	<u>85 780 987</u>	<u>171 384 998</u>	
Cost - Buildings	7 458 559	7 458 559	
Cost - Land	165 858 856	165 996 858	
Accumulated Impairments - Buildings	(819 229)	-	
Accumulated Impairments - Land	(84 881 250)	-	
Class Transfers - Land	-	(138 000)	
Accumulated Depreciation - Buildings	<u>(2 053 949)</u>	<u>(1 920 417)</u>	
Impairments - Land	-	(84 881 250)	
Impairments - Buildings	-	(619 229)	
Depreciation for the year	<u>(118 036)</u>	<u>(133 532)</u>	
Net Carrying amount at 30 June	<u>85 644 982</u>	<u>85 780 987</u>	
Cost - Buildings	7 458 559	7 458 559	
Cost - Land	165 858 856	165 858 858	
Accumulated Impairments - Buildings	(819 229)	(819 229)	
Accumulated Impairments - Land	(84 881 250)	(84 881 250)	
Accumulated Depreciation - Buildings	<u>(2 169 985)</u>	<u>(2 053 949)</u>	
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:			
	2016 R	2017 R	2018 R
Decrease in Accumulated Depreciation: Investment Property	<u>-</u>	<u>-</u>	<u>-</u>
Revenue derived from the rental of investment property	<u>-</u>	<u>1 282 978</u>	<u>810 288</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 and are awaiting the outcome of the technical query lodged during 2014/2015.

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

- Land - Investment Properties R29 040 000
- Buildings - Investment Properties R741 985

**Other Disputes:**

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

- Land - Investment Properties R750 000
- Buildings - Investment Properties R88 242





EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 INTANGIBLE ASSETS

	2016 R	2015 R
<b>Cost</b>	<b>5 830 696</b>	<b>5 001 466</b>
Opening Balance on 1 July	5 001 466	4 936 134
Acquisitions for the year - At cost	29 230	74 413
Disposals	-	(11 081)
<b>Less: Accumulated Impairments</b>	<b>(120 395)</b>	<b>(120 395)</b>
Opening Balance on 1 July	(120 395)	(120 395)
Impairments for the year	-	-
<b>Less: Accumulated Amortisation</b>	<b>(3 058 107)</b>	<b>(2 579 697)</b>
Opening Balance on 1 July	(2 579 697)	(1 990 633)
Amortisation for the year	(479 510)	(598 904)
Disposals	-	7 940
<b>Total Intangible Assets</b>	<b>1 851 194</b>	<b>2 301 474</b>

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:

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.

14 NON-CURRENT INVESTMENTS

	2016 R	2015 R
<b>Unlisted</b>		
KKLK shares and Loan Account - Held at amortised cost through profit and loss	26 027	26 027
<b>Total Unlisted</b>	<b>26 027</b>	<b>26 027</b>
<b>Total Investments</b>	<b>26 027</b>	<b>26 027</b>
<i>Council's valuation of unlisted investments</i>		
KKLK shares	26 027	26 027
	26 027	26 027

15 INVENTORY

	2016 R	2015 R
Consumable Stores - at cost	3 305 246	3 500 044
<b>Total Inventory</b>	<b>3 305 246</b>	<b>3 500 044</b>
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	23 114
Consumable stores materials surpluses identified during the annual stores counts.	(66 679)	-
Inventory recognised as an expense during the year	13 052 114	13 713 405

Inventory issued during the year:

Inventory issued during the year and included in expenses:

	2016 R	2015 R	2015 R	2015 R
		(Restated Amounts)	(Correction - Incorrect reporting)	(Previously reported)
Eden	13 052 113.82	13 713 405.42	12 033 281.72	1 680 123.70
Contracted services	907 380	780 176	694 435	65 741
General expense: Domestic expenses	27 292	-	-	-
General expense: Entertainment	231 623	267 232	219 492	47 739
General expense: Plant	376	1 182	552	610
General expense: Printing and stationary	289 271	271 256	253 831	17 425
General expense: Protective Clothing	119 625	124 890	120 328	4 384
Repairs and Maintenance	22 582	10 820	5 281	5 538
General expense: Training	211 758	82 107	72 081	10 026
Roads	4 954	22 909	22 672	36
Operating expenditure: Domestic expenses	12 144 733	12 633 229	11 338 846	1 594 363
Operating expenditure: Material	113 218	90 482	37 343	53 119
Operating expenditure: Plant	663 781	904 484	422 523	481 062
Operating expenditure: Printing and stationary	11 014 404	11 804 621	10 798 101	1 008 420
Operating expenditure: Protective Clothing	21 496	16 433	16 401	1 032
Operating expenditure: Repairs and Maintenance	156 267	109 859	67 804	42 255
	175 571	7 470	(125)	7 594

16 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2016

	Gross Balances	Allowance for Bad Debts	Net Balances
Service debtors			
Ambulance and Fire Fighting Fees	7 674 581	(5 891 693)	1 782 888
Councillors' Arrears (Refer to Note A on next page)	3 127 222	(3 127 222)	-
Rental Agreements	1 501 569	(724 597)	776 972
TASK Contributions and Atmospheric Licence Applications	31 122	-	31 122
Roads - Sundry debtors	824 459	-	824 459
<b>Total</b>	<b>13 158 933</b>	<b>(9 743 512)</b>	<b>3 415 421</b>

As at 30 June 2015

	Gross Balances	Allowance for Bad Debts	Net Balances
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)	981 995
Roads - Sundry debtors	9 717 220	-	9 717 220
<b>Total</b>	<b>17 742 556</b>	<b>(2 171 259)</b>	<b>15 571 297</b>



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

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 consumer debtors are not performed in terms of GRAP 104 on initial recognition.

Note A:

According to GRAP 104, outstanding councillors' debtors have to be evaluated annually and impaired at year end if there is an indication of possible impairment. However a due process as provided for in Section 167(2)(b) and S32 of the Municipal Finance Management Act 56 of 2003 needs to be followed.

Housing Rentals & Rental Agreements: Ageing

	2016 R	2015 R
Current (0-30 days)	168 880	68 439
31 - 60 Days	148 824	14 155
61 - 90 Days	11 714	13 609
91 - 120 Days	11 714	14 448
121-365 Days	973 828	841 460
+ 365 Days	195 809	163 688
<b>Total</b>	<b>1 501 569</b>	<b>1 115 788</b>

Councillors' Arrears: Ageing

Current (0-30 days)	-	6 233
31 - 60 Days	9 798	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	2 602 584	2 497 656
+ 365 Days	514 841	191 463
<b>Total</b>	<b>3 127 222</b>	<b>2 694 552</b>

Ambulance and Fire Fighting Fees-Ageing

Current (0-30 days)	518 366	32 749
31 - 60 Days	-	1 097 508
61 - 90 Days	-	2 690
91 - 120 Days	335 343	2 690
121-365 Days	6 082 439	2 836 647
+ 365 Days	738 361	242 711
<b>Total</b>	<b>7 674 561</b>	<b>4 214 996</b>

Roads - Sundry debtors

Current (0-30 days)	621 187	9 680 607
31 - 60 Days	21 698	36 611
61 - 90 Days	6 785	-
91 - 120 Days	4 509	-
121-365 Days	4 509	-
+ 365 Days	105 790	-
<b>Total</b>	<b>824 459</b>	<b>9 717 218</b>

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

Balance at the beginning of the year	4 303 468	7 735 313
Contributions to allowance: Exchange Receivables - Note 16	7 147 174	(1 044 263)
Contributions to allowance: Non-exchange Receivables - Note 17	670 079	(1 025 481)
Bad debts written off against the allowance	(1 274 348)	(1 362 103)
<b>Balance at end of year</b>	<b>10 846 371</b>	<b>4 303 468</b>

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

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

17 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

As at 30 June 2016

	Gross Balances	Allowance for Bad Debts	Net Balances
Recoverable Debtor: C Africa	6 804	-	6 804
Recoverable Debtor: Anti-fraud Hotline	656	-	656
Recoverable Debtor: DMA	167 112	-	167 112
Recoverable Debtor: NM Dlangelele	19 007	(19 007)	-
Recoverable Debtor: JC Saayman	2 262	(2 262)	-
Sundry debtors	2 045 278	(680 409)	1 364 867
Continued Members	474 002	(401 161)	88 811
Advances to Agencies	163 682	-	163 682
<b>Total Other Debtors</b>	<b>2 865 690</b>	<b>(1 102 639)</b>	<b>1 733 131</b>

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
Sundry debtors	3 245 336	(1 332 662)	1 912 476
Balance previously reported	3 604 132	(1 332 662)	2 171 271
Correction of error - Insurance claim rejected - Note 32,3	(258 796)	-	(258 796)
Continued Members	401 198	(338 286)	64 912
Recoverable Debtor: NM Dlangelele	19 007	-	19 007
Recoverable Debtor: JC Saayman	6 373	-	6 373
Advances to Agencies	-	-	-
<b>Total Other Debtors</b>	<b>4 303 994</b>	<b>(2 132 296)</b>	<b>2 171 788</b>

Recoverable Debtor: JP Zeelie

+ 365 Days	-	463 059
<b>Total</b>	-	<b>463 059</b>

Recoverable Debtor: C Africa

+ 365 Days	6 804	6 804
<b>Total</b>	<b>6 804</b>	<b>6 804</b>

Recoverable Debtor: DMA

Current (0-30 days)	-	12 074
31 - 60 Days	-	11 639
61 - 90 Days	-	11 600
91 - 120 Days	-	7 694
121-365 Days	22 036	91 969
+ 365 Days	135 076	-
<b>Total</b>	<b>157 112</b>	<b>135 076</b>



**EDEN DISTRICT MUNICIPALITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**17 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS (CONTINUED)**

*Recoverable Debtor: NM Dlangalele*  
121-365 Days

**Total**

*Recoverable Debtor: JC Saayman*

61 - 90 Days  
91 - 120 Days  
+ 365 Days

**Total**

*Sundry debtors*  
Current (0-30 days)

31 - 60 Days  
61 - 90 Days  
91 - 120 Days  
121-365 Days  
+ 365 Days

**Total**

*Continued Members*

Current (0-30 days)  
31 - 60 Days  
61 - 90 Days  
91 - 120 Days  
121-365 Days  
+ 365 Days

**Total**

*Recoverable Debtor: Anti-fraud Hotline*

Current (0-30 days)  
31 - 60 Days

**Total**

	2016 R	2015 R
	19 007	19 007
<b>Total</b>	<b>19 007</b>	<b>19 007</b>
		3 186
		3 186
<b>Total</b>	<b>2 262</b>	<b>-</b>
	2 262	-
	229 866	603 619
	110 810	499 738
	71 219	62 125
	7 200	(10 016)
	624 652	109 149
<b>Total</b>	<b>793 700</b>	<b>2 159 617</b>
	1 837 205	3 594 132
		62 961
	64 201	13 021
	15 392	9 101
	12 860	6 140
	321 928	293 047
	59 631	26 827
<b>Total</b>	<b>471 002</b>	<b>401 197</b>
	855	27 143
<b>Total</b>	<b>855</b>	<b>27 143</b>

The municipality's historical experience in collection of trade receivables falls within reported 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.

**18 OPERATING LEASE ARRANGEMENTS**

**18.1 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

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include lessee which has a undetermined conditional expenditure.

	2016 R	2015 R
Balance on 1 July	21 616	18 142
Movement during the year	(20 447)	3 474
<b>Balance on 30 June</b>	<b>1 170</b>	<b>21 616</b>
Up to 1 Year	15 200	772 457
1 to 5 Years	-	15 200
More than 5 Years	-	-
<b>Total</b>	<b>15 200</b>	<b>787 657</b>

**18.2 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

This operating lease income determined from contracts that have a specific condition income and does not include lessee which has a undetermined conditional income.

	2016 R	2015 R
Balance on 1 July	80 600	29 270
Movement during the year	(23 244)	51 230
<b>Balance on 30 June</b>	<b>57 256</b>	<b>80 600</b>
Up to 1 Year	612 781	487 642
1 to 5 Years	469 650	998 648
More than 5 Years	-	177 020
<b>Total</b>	<b>1 072 731</b>	<b>1 663 310</b>

**19 CASH AND CASH EQUIVALENTS**

**Liabilities**

Roads - Bank Account

**Assets**

Call Investment Deposits

Roads - Bank Account

Short term deposits

Cash

Standard Bank Account

**Total Cash and Cash Equivalents - Assets**

The effective interest rate was 6.4% (2015: 6.4%).  
The Municipality has the following bank accounts:-

**Call Investment Deposits**

Included in other deposits and bank balances are an amount of R17,637,796 (2015: R11,458,072 ) which is attributable to unspent grants and subsidies; and R24,675,638 (2015: R21,370,360) which is attributable to the Capital Replacement Reserve.

	2016 R	2015 R
Roads - Bank Account	142 137	134 217
Call Investment Deposits	11 493 654	7 426 961
Roads - Bank Account	45 283 027	90 223 890
Short term deposits	11 233	11 423
Cash	96 409 622	13 287 136
Standard Bank Account	-	-
<b>Total</b>	<b>156 333 673</b>	<b>111 082 727</b>



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SOUTH AFRICA

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**19 CASH AND CASH EQUIVALENTS (CONTINUED)**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>Current Account (Standard Bank Account)</b>		
Standard Bank George Branch		
Account Number 06 083 263 000 0		
Cash book balance at beginning of year	13 287 136	13 688 016
Cash book balance at end of year	96 409 622	13 287 136
Bank statement balance at beginning of year	13 562 853	14 487 347
Bank statement balance at end of year	88 634 245	13 552 663
Cash	11 233	11 423
<b>Current Account (Standard Bank Account) - Roads</b>		
Standard Bank George Branch		
Account Number 06 083 263 500 0		
Cash book balance at beginning of year	7 426 061	6 623 716
Cash book balance at end of year	11 493 654	7 426 061
Bank statement balance at beginning of year	7 245 566	5 236 308
Bank statement balance at end of year	11 335 422	7 245 556
<b>Call Investment Deposits</b>		
ABSA George Branch		
Account Number 01 8226 2703		
Cash book balance at beginning of year	8 089	1 104
Cash book balance at end of year	8 454	8 089
Bank statement balance at beginning of year	8 089	1 104
Bank statement balance at end of year	8 454	8 089
Standard Bank George Branch		
Account Number 48672744847		
Cash book balance at beginning of year	126 128	-
Cash book balance at end of year	133 683	126 128
Bank statement balance at beginning of year	126 128	-
Bank statement balance at end of year	133 683	126 128
<b>Short term deposits</b>		
Standard Bank George Branch		
Account Number 48672744854		
Cash book balance at beginning of year	22 500 000	15 030 622
Cash book balance at end of year	-	22 500 000
Bank statement balance at beginning of year	22 500 000	15 000 000
Bank statement balance at end of year	-	22 500 000
First National Bank George Branch		
Account Number 74541633323		
Cash book balance at beginning of year	22 572 123	15 029 918
Cash book balance at end of year	45 283 027	22 572 123
Bank statement balance at beginning of year	22 572 123	15 000 000
Bank statement balance at end of year	45 283 027	22 572 123
Abse Bank George Branch		
Account Number 2075441485		
Cash book balance at beginning of year	22 575 205	15 030 559
Cash book balance at end of year	-	22 575 205
Bank statement balance at beginning of year	22 575 205	15 000 000
Bank statement balance at end of year	-	22 575 205
Nedbank George Branch		
Account Number 7881073772		
Cash book balance at beginning of year	22 576 562	16 031 574
Cash book balance at end of year	-	22 576 562
Bank statement balance at beginning of year	22 576 562	15 000 000
Bank statement balance at end of year	-	22 576 562
Interest earned for the year on the short term investments	10 792 549	7 381 072
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>Unconditional</b>	<b>138 002 000</b>	<b>134 097 000</b>
Equitable Share	21 415 187	33 656 179
<b>Conditional</b>	<b>21 415 187</b>	<b>33 656 179</b>
Grants and Donations	160 317 187	167 763 179
<b>Total Government Grants and Subsidies</b>	<b>169 773 113</b>	<b>167 810 552</b>
Government Grants and Subsidies - Operating	644 074	142 627
Government Grants and Subsidies - Capital	160 317 187	167 763 179
<b>Total Government Grants and Subsidies</b>	<b>160 317 187</b>	<b>167 763 179</b>



**EDEN DISTRICT MUNICIPALITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	2016 R	2015 R
<b>20.1</b>		
<b><u>Equitable Share</u></b>		
Opening balance	-	-
Grants received	138 902 000	134 097 000
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(138 902 000)	(134 097 000)
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.		
<b>20.2</b>		
<b><u>Municipal Systems Improvement Grant (MSIG)</u></b>		
Opening balance	1 706	59 053
Grants received	930 000	934 000
Repaid to National Revenue Fund	-	(59 000)
VAT on Grants	-	-
Conditions met - Operating	(113 252)	(114 499)
Conditions met - Capital	(371 339)	(720 781)
Conditions still to be met	(437 601)	(97 065)
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>20.3</b>		
<b><u>Local Government Financial Management Grant (FMG)</u></b>		
Opening balance	-	12 274
Grants received	1 250 000	1 250 000
VAT on Grants	-	-
Conditions met - Operating	(84 272)	(46 129)
Conditions met - Capital	(1 084 497)	(1 216 145)
Conditions still to be met	(100 474)	-
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).		
<b>20.4</b>		
<b><u>Electricity Demand Side Management</u></b>		
Opening balance	-	-
Grants received	5 399 984	5 399 984
VAT on Grants	-	-
Repaid to National Revenue Fund	(3 933)	-
Conditions met - Operating	-	-
Conditions met - Capital	(26 066)	-
Conditions still to be met	-	-
Grant utilised for energy efficiency investigation within the region.		
<b>20.5</b>		
<b><u>Dot Land Affairs: District Assessment Committee</u></b>		
Opening balance	-	-
Grants received	49 343	49 343
VAT on Grants	-	-
Conditions met - Operating	(2 568)	-
Conditions met - Capital	(19 342)	-
Conditions still to be met	-	-
Grant utilised to assess the land affairs within the region.		
<b>20.6</b>		
<b><u>LOESTA: Re-imbursments</u></b>		
Opening balance	632 548	911 224
Grants received	214 328	153 704
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(395 964)	(432 470)
Conditions still to be met	-	-
Grant is utilised for training purposes of municipal staff.		
Grant utilised of building sub-roads for bicycles and pedestrians.		
<b>20.7</b>		
<b><u>Bucket system Elimination Schools/Clinic</u></b>		
Opening balance	76 317	128 417
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(4 906)
Conditions met - Capital	-	(47 495)
Conditions still to be met	-	-
Grant utilised for replacing bucket system with VIP toilets.		
<b>20.8</b>		
<b><u>Expanded Public Works Incentives</u></b>		
Opening balance	-	-
Grants received	1 005 000	1 000 000
VAT on Grants	-	-
Conditions met - Operating	(2 180)	-
Conditions met - Capital	(1 019 488)	(1 000 000)
Conditions still to be met	-	-
The grant is utilised for job creation.		
<b>20.9</b>		
<b><u>Task Contributions - Municipalities</u></b>		
Opening balance	201 804	86 480
Grants received	180 988	290 400
Debtor	-	32 800
VAT on Grants	-	-
Conditions met - Operating	-	(4 417)
Conditions met - Capital	(230 603)	(175 829)
Conditions still to be met	-	(27 511)
Grant utilised for the funding of the TASK unit.		



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

20		2016	2016
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		R	R
20.10	<u>WC FMG Assistance</u>		
	Opening balance	73 516	73 516
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	73 516	73 516
20.11	<u>DWA: Abstraction Validation on Bfou</u>		
	Opening balance	35 589	35 589
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	35 589	35 589
20	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2016	2016
		R	R
20.12	<u>RIG &amp; DBSA: Bulk Water Studies</u>		
	Opening balance	633 910	633 910
	Correction of error	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	633 910	633 910
20.13	<u>Integrated Transport</u>		
	Opening balance	1 938 559	1 388 559
	Grants received	-	1 800 000
	VAT on Grants	(157 007)	-
	Conditions met - Operating	(1 127 910)	-
	Conditions met - Capital	-	-
	Conditions still to be met	652 742	1 938 559
20.14	<u>Municipal Disaster Recovery</u>		
	Opening balance	1 824 945	-
	Grants received	20 849 000	27 432 000
	VAT on Grants	-	-
	Conditions met - Operating	(15 306 760)	(25 607 055)
	Conditions met - Capital	-	-
	Conditions still to be met	7 387 185	1 824 945
20.15	<u>Mandela Memorial Celebrations</u>		
	Opening balance	136 250	136 250
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	136 250	136 250
20.16	<u>Braille Project</u>		
	Opening balance	11 645	11 645
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	11 645	11 645
20.17	<u>WC FMG Allocations</u>		
	Opening balance	403 952	500 000
	Grants received	650 000	880 300
	VAT on Grants	(68 195)	(79 650)
	Repaid to National Revenue Fund	(300 000)	-
	Conditions met - Operating	(472 819)	(878 747)
	Conditions met - Capital	-	(18 051)
	Conditions still to be met	214 938	403 952
20.18	<u>Nelson Mandela Biosphere Reserve Project</u>		
	Opening balance	38 000	-
	Grants received	110 000	90 000
	VAT on Grants	-	-
	Conditions met - Operating	(128 000)	(52 000)
	Conditions met - Capital	-	-
	Conditions still to be met	20 000	38 000
20.19	<u>Study: Implementation Alternative Solid Waste Tech</u>		
	Opening balance	(307 960)	-
	Grants received	588 890	639 500
	VAT on Grants	(34 478)	(116 355)
	Conditions met - Operating	(248 255)	(831 105)
	Conditions met - Capital	-	-
	Conditions still to be met	-	(307 960)



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2016 R	2015 R
<b>20.20 RGIB &amp; Bulk and Waste Water Infrastructure</b>		
Opening balance		
Grants received	(252 622)	-
VAT on Grants	-	1 933 648
Conditions met - Operating	-	(266 480)
Conditions met - Capital	-	(1 017 761)
Conditions still to be met	-	-
	<u>(252 622)</u>	<u>(252 622)</u>
<b>20.21 Rural Roads Asset Management Systems</b>		
Opening balance		
Grants received	2 283 000	-
VAT on Grants	(571)	-
Conditions met - Operating	(5 706)	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<u>2 276 721</u>	<u>-</u>
<b>20.22 TOTAL GRANTS</b>		
Opening balance	10 897 488	8 178 224
Repaid to National Revenue Fund	(300 000)	(59 000)
Grants received	166 982 985	170 500 643
Debtor	-	32 000
VAT on Grants	(465 364)	(834 048)
Conditions met - Operating	(159 307 759)	(188 976 507)
Conditions met - Capital	(544 075)	(142 627)
Conditions still to be met	-	-
	<u>17 243 285</u>	<u>10 897 488</u>

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

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.

Disclosed as follows:

Unspent Conditional Government Grants and Receipts

Unpaid Conditional Government Grants and Receipts

Total

Unspent Conditional Government Grants and Receipts	17 537 796	11 458 072
Unpaid Conditional Government Grants and Receipts	(294 510)	(500 584)
<b>Total</b>	<u>17 243 286</u>	<u>10 897 488</u>

21 DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES

Department of Transport - Roads Service Charges

Income for agency services

	2016 R	2015 R
Department of Transport - Roads Service Charges	145 198 911	121 630 524
Income for agency services	15 533 686	13 785 000
	<u>160 732 596</u>	<u>135 415 524</u>

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

22 OTHER INCOME

Borrow Pits

Call Centre Mosselbay

Donations

Fire Fighting fees

Balance previously reported

Correction of error - VAT on fire services accounts - Note 32.6

Correction of error - VAT on fire services and rental debtor accounts - Note 32.3

Greenest Municipality Award

Health Claims

Hotline Income

IT Shared Services District

Legal fees recovered

Resorts

Sundry Income

Tariffs And Penalties: Health

Total Other Income

	2016 R	2015 R
Borrow Pits	-	106 572
Call Centre Mosselbay	553 165	527 325
Donations	20 801	-
Fire Fighting fees	3 811 615	1 945 001
Balance previously reported	-	1 088 352
Correction of error - VAT on fire services accounts - Note 32.6	-	(21 473)
Correction of error - VAT on fire services and rental debtor accounts - Note 32.3	-	(20 678)
Greenest Municipality Award	130 000	120 000
Health Claims	342 618	309 648
Hotline Income	17 790	17 250
IT Shared Services District	-	1 020 942
Legal fees recovered	277 508	-
Resorts	6 562 114	5 617 082
Sundry Income	434 446	721 298
Tariffs And Penalties: Health	242 189	215 046
<b>Total Other Income</b>	<u>12 382 256</u>	<u>10 601 074</u>

23 EMPLOYEE RELATED COSTS

Employee related costs- Salaries and Wages

Employee related costs - Contribution for UIF, pensions and medical aids

Balance previously reported

Correction of error - over provision of compensation commissioner expense - Note 32.3

Grant funded employee related costs

Travel, motor car, accommodation, subsistence and other allowances

Housing benefits and allowances

Employee related costs- Salaries and Wages (Fruitless and Wasteful)

Balance previously reported

Correction of error - over provision of compensation commissioner expense - Note 32.3 - J de Klerk

Correction of error - over provision of compensation commissioner expense - Note 32.3 - A Lamont

Overtime payments

Performance bonus

Re-allocation costs

Leave Payment

Balance previously reported

Correction of error - Incorrect provision for staff leave - Note 32.9

Leave Bonus

Increase in Provision for Health Care Benefits

Increase in Provision for Long Service Awards

Decrease in Provision for Ex-Gratia Pensions

Total Employee Related Costs

	2016 R	2015 R
Employee related costs- Salaries and Wages	68 186 962	57 224 767
Employee related costs - Contribution for UIF, pensions and medical aids	19 025 618	18 531 238
Balance previously reported	-	18 603 057
Correction of error - over provision of compensation commissioner expense - Note 32.3	-	(72 724)
Grant funded employee related costs	2 189 054	2 189 559
Travel, motor car, accommodation, subsistence and other allowances	7 173 823	6 057 620
Housing benefits and allowances	797 294	844 150
Employee related costs- Salaries and Wages (Fruitless and Wasteful)	-	599 540
Balance previously reported	-	-
Correction of error - over provision of compensation commissioner expense - Note 32.3 - J de Klerk	-	400 000
Correction of error - over provision of compensation commissioner expense - Note 32.3 - A Lamont	-	199 540
Overtime payments	1 390 901	1 387 034
Performance bonus	463 131	335 823
Re-allocation costs	240 000	-
Leave Payment	1 588 284	265 385
Balance previously reported	-	396 575
Correction of error - Incorrect provision for staff leave - Note 32.9	-	(131 190)
Leave Bonus	4 622 075	4 183 903
Increase in Provision for Health Care Benefits	4 070 492	4 486 526
Increase in Provision for Long Service Awards	901 282	247 666
Decrease in Provision for Ex-Gratia Pensions	(67 404)	(58 269)
<b>Total Employee Related Costs</b>	<u>106 381 722</u>	<u>98 075 856</u>

**EDEN DISTRICT MUNICIPALITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**23 EMPLOYEE RELATED COSTS (CONTINUED)**

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

	2016 R 12 Months	2015 R 12 Months
<b>Remuneration of the Municipal Manager (G Louw)</b>		
Annual Remuneration	1 104 563	1 083 478
Performance Bonuses	192 529	180 287
Telephone Allowance	12 000	33 000
Car Allowance	209 929	178 500
Contributions to UIF, Medical and Pension Funds	115 923	113 228
<b>Total</b>	<b>1 804 934</b>	<b>1 588 493</b>
<b>Remuneration of Executive Manager Finance: L Hoek</b>		
Annual Remuneration	704 520	695 950
Telephone Allowance	11 040	7 360
Annual Bonus	68 883	-
Car Allowance	129 882	129 662
Contributions to UIF, SDL, Medical and Pension Funds	174 503	165 028
<b>Total</b>	<b>1 088 809</b>	<b>998 000</b>
<b>Remuneration of the Executive Manager Corporate/Strategic Services: B Holtshausen</b>		
Annual Remuneration	810 503	784 800
Performance Bonuses	113 455	77 266
Telephone Allowance	-	3 200
Leave Paid	-	63 205
Car Allowance	122 494	107 795
Annual Bonus	30 000	-
Contributions to UIF, Medical and Pension Funds	147 762	138 810
<b>Total</b>	<b>1 224 214</b>	<b>1 175 076</b>
<b>Remuneration of the Executive Manager Community Services: C Africa</b>		
Annual Remuneration	788 045	728 050
Housing Allowance	84 000	84 000
Car Allowance	94 994	72 600
Performance Bonuses	113 455	106 241
Acting Allowance	-	3 317
Telephone Allowance	5 631	2 400
Contributions to UIF, Medical and Pension Funds	158 823	145 855
<b>Total</b>	<b>1 245 218</b>	<b>1 143 363</b>
<b>Remuneration of the Executive Manager Roads: JC Ottavanger</b>		
Annual Remuneration	620 788	613 803
Housing Allowance	5 800	2 568
Car Allowance	175 557	130 863
Acting Allowance	-	4 600
Annual Bonus	51 626	-
Telephone Allowance	9 600	-
Contributions to UIF, Medical and Pension Funds	160 871	149 443
<b>Total</b>	<b>1 023 939</b>	<b>901 107</b>
<b>24 EMPLOYEE RELATED COST - ROADS</b>		
Employee related costs- Salaries and Wages	38 408 093	37 430 079
Employee related costs - Contribution for UIF, pensions and medical aids	14 301 686	13 776 014
Travel, motor car, accommodation, subsistence and other allowances	1 443 742	1 587 592
Housing benefits and allowances	989 390	433 475
Overtime payments	1 103 899	367 161
Leave Payment	994 209	782 193
Leave Bonus	3 190 066	3 058 914
<b>Total Employee Related Costs</b>	<b>60 440 070</b>	<b>57 433 427</b>
<b>25 REMUNERATION OF COUNCILLORS</b>		
Remuneration	5 417 626	5 334 762
Travel Allowances	1 510 395	1 488 333
Car Allowance	153 311	70 098
Telephone Allowances	311 159	313 020
Pension Contributions	187 917	129 273
Medical Contributions	225 310	211 136
<b>Total Councillor's Remuneration</b>	<b>7 786 720</b>	<b>7 524 590</b>
<b>Van der Westhuizen VI - Executive Mayor</b>		
Remuneration	284 808	407 062
Travel Allowances	149 436	187 898
Telephone Allowances	327	-
<b>Total</b>	<b>434 571</b>	<b>605 360</b>
<b>Eseu LBC - Deputy Executive Mayor</b>		
Remuneration	350 752	282 362
Travel Allowances	109 156	103 128
<b>Total</b>	<b>459 908</b>	<b>385 490</b>
<b>Nayler D - Spokes</b>		
Remuneration	408 625	383 049
Travel Allowances	33 429	15 635
<b>Total</b>	<b>442 054</b>	<b>398 684</b>





**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**REMUNERATION OF COUNCILLORS (CONTINUED)**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>Du Toit J - Mayoral Committee Member</b>		
Remuneration	214 382	208 079
Car Allowance	71 460	84 222
	<u>285 842</u>	<u>272 301</u>
<b>Koegelenberg JJA - Mayoral Committee Member</b>		
Remuneration	443 231	419 641
Travel Allowances	183 188	162 672
Telephone Allowances	20 888	20 888
	<u>647 287</u>	<u>603 161</u>
<b>Maxim J - Mayoral Committee Member</b>		
Remuneration	219 898	241 375
Travel Allowances	115 589	102 404
Medical Contributions	32 882	33 521
	<u>368 369</u>	<u>377 300</u>
<b>May SF - Mayoral Committee Member</b>		
Remuneration	442 722	419 641
Travel Allowances	154 891	139 881
Telephone Allowances	20 888	20 888
	<u>618 481</u>	<u>580 390</u>
<b>McCombi HJ - Mayoral Committee Member</b>		
Remuneration	368 857	364 873
Travel Allowances	168 807	154 225
Telephone Allowances	20 888	20 888
Medical Contributions	78 290	56 688
	<u>635 821</u>	<u>596 684</u>
<b>Stimmers T - Mayoral Committee Member</b>		
Remuneration	409 990	416 494
Travel Allowances	163 930	150 412
Telephone Allowances	20 888	20 888
Medical Contributions	34 336	4 214
	<u>629 124</u>	<u>591 986</u>
<b>Ngalo CN - Councillor</b>		
Remuneration	217 778	205 348
Telephone Allowances	20 888	20 888
Medical Contributions	20 458	18 460
	<u>259 104</u>	<u>244 676</u>
<b>Waza V - Councillor</b>		
Remuneration	106 799	103 010
Travel Allowances	89 305	55 952
Telephone Allowances	20 888	20 888
Pension Contributions	50 109	18 542
Medical Contributions	18 044	45 217
	<u>265 126</u>	<u>243 589</u>
<b>Mbell MM - Councillor</b>		
Remuneration	8 755	8 280
Travel Allowances	1 556	2 083
	<u>10 311</u>	<u>10 343</u>
<b>Ndayi N - Councillor</b>		
Remuneration	8 755	8 280
Travel Allowances	14 867	9 884
	<u>23 622</u>	<u>18 124</u>
<b>Bityi NA - Councillor</b>		
Remuneration	203 049	193 538
Telephone Allowances	20 888	20 888
Pension Contributions	30 457	29 031
	<u>254 375</u>	<u>243 437</u>
<b>Bootsen NC - Councillor</b>		
Remuneration	8 755	8 583
Travel Allowances	7 049	8 354
	<u>16 703</u>	<u>16 937</u>
<b>Fillea M- Councillor</b>		
Remuneration	203 049	193 538
Telephone Allowances	20 888	20 888
Pension Contributions	30 457	29 031
	<u>254 375</u>	<u>243 437</u>
<b>Floors HA- Councillor</b>		
Remuneration	177 927	167 856
Travel Allowances	68 794	61 882
Telephone Allowances	20 888	20 888
	<u>267 599</u>	<u>250 616</u>
<b>Gerber JJ- Councillor</b>		
Remuneration	8 755	8 280
Travel Allowances	4 807	3 869
	<u>13 562</u>	<u>12 129</u>
<b>Jane van Rensburg JG - Councillor</b>		
Remuneration	177 927	167 856
Travel Allowances	102 607	76 843
Telephone Allowances	20 888	20 888
	<u>301 402</u>	<u>265 567</u>

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**25 REMUNERATION OF COUNCILLORS (CONTINUED)**

	2016 R	2015 R
<b>Mbandezi SS - Councillor</b>		
Remuneration	8 755	8 280
Travel Allowances	4 806	2 147
	<u>13 561</u>	<u>10 407</u>
<b>Mashoa WP - Councillor</b>		
Remuneration	23 297	21 979
Travel Allowances	9 300	8 110
	<u>32 597</u>	<u>30 089</u>
<b>Mgamutu - Councillor</b>		
Remuneration	90 830	
Travel Allowances	8 008	
Telephone Allowances	9 312	
Medical Contributions	14 306	
	<u>122 546</u>	
<b>Mkalipi NP - Councillor</b>		
Remuneration	-	195 829
Travel Allowances	-	19 342
Telephone Allowances	-	20 868
Medical Contributions	-	27 970
	<u>-</u>	<u>264 018</u>
<b>Niehus GC - Councillor</b>		
Remuneration	22 126	23 608
Travel Allowances	-	1 816
	<u>22 126</u>	<u>25 424</u>
<b>Qupe LN - Councillor</b>		
Remuneration	19 240	22 700
Travel Allowances	-	1 816
	<u>19 240</u>	<u>24 516</u>
<b>Skietakut CM - Councillor</b>		
Remuneration	237 236	224 208
Travel Allowances	21 207	17 108
Telephone Allowances	20 868	20 868
	<u>279 311</u>	<u>262 184</u>
<b>Tanda NM - Councillor</b>		
Remuneration	203 049	193 538
Travel Allowances	8 827	-
Telephone Allowances	20 868	20 868
Pension Contributions	30 457	29 031
	<u>263 202</u>	<u>243 437</u>
<b>Teyisi T - Councillor</b>		
Remuneration	28 880	23 808
Travel Allowances	-	1 816
	<u>28 880</u>	<u>25 424</u>
<b>Van de Hoven PJ - Councillor</b>		
Remuneration	42 328	35 412
Travel Allowances	-	1 816
	<u>42 328</u>	<u>37 228</u>
<b>Van Renaburg D - Councillor</b>		
Remuneration	5 013	8 280
Travel Allowances	3 829	8 201
	<u>8 842</u>	<u>16 481</u>
<b>Xego D - Councillor</b>		
Remuneration	173 824	165 844
Car Allowances	80 974	-
Travel Allowances	3 075	73 745
Telephone Allowances	20 868	20 868
Pension Contributions	26 436	23 838
Medical Contributions	25 905	25 047
	<u>330 882</u>	<u>309 142</u>
<b>Abrahams D - Councillor</b>		
Remuneration	-	16 484
Travel Allowances	8 845	8 281
	<u>8 845</u>	<u>24 765</u>
<b>Johannes R - Councillor</b>		
Remuneration	-	16 484
Travel Allowances	2 304	14 583
	<u>2 304</u>	<u>31 047</u>
<b>Joubert AM - Councillor</b>		
Remuneration	5 545	-
Travel Allowances	11 051	-
	<u>16 596</u>	<u>-</u>
<b>Johson J - Councillor</b>		
Remuneration	108 501	-
Travel Allowances	12 403	-
Telephone Allowances	9 368	-
	<u>128 273</u>	<u>-</u>
<b>Gouws JE - Councillor</b>		
Remuneration	1 727	-
	<u>1 727</u>	<u>-</u>

**EDEN DISTRICT MUNICIPALITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**26 REMUNERATION OF COUNCILLORS (CONTINUED)**

	2016 R	2015 R
<b>Kamfer D - Councillor</b>		
Remuneration	177 927	167 856
Travel Allowances	62 595	57 854
Telephone Allowances	20 888	20 888
	<u>261 390</u>	<u>246 578</u>
<b>De Vries SF - Councillor</b>		
Car Allowance	876	5 844
Travel Allowances	376	2 458
	<u>1 252</u>	<u>8 302</u>
<b>Wagenaar M - Councillor</b>		
Remuneration	8 755	2 067
Travel Allowances	7 361	2 648
	<u>16 116</u>	<u>5 335</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.

**28 DEPRECIATION**

	2016 R	2015 R
Property, Plant and Equipment	2 062 670	2 590 044
Balance previously reported	-	2 550 856
Correction of assets identified for the first time - Note 32,1	-	15 183
Correction of assets previously disposed now found - Note 32,1	-	23 802
Correction of incorrect depreciation charge - Note 32,1	-	2
Investment Property	116 036	133 532
	<u>2 795 706</u>	<u>2 723 376</u>

**27 REPAIRS AND MAINTENANCE**

	2016 R	2015 R
Buildings	1 589 008	637 338
Electricity	76 325	47 164
Equipment	1 129 205	1 044 312
Fleet Vehicles	130 638	428 612
General Maintenance & Complaints	216 634	234 650
Plant	628 772	877 889
Swimming pool	121 260	105 064
Radio/Transmitter Station	-	14 550
Water Works	8 284	6 139
	<u>3 908 347</u>	<u>3 398 598</u>

**28 FINANCE CHARGES**

	2016 R	2015 R
Long-term liabilities	25 790	205 735
Water and Electricity	19 653	10 630
A Lamont	-	4 084
SARS	3 338	14 812
Lafatshe	150 722	653 874
Total Interest on External Borrowings	<u>199 503</u>	<u>1 189 135</u>

**29 CONTRACTED SERVICES**

	2016 R	2015 R
Asset Verification: BAUD	78 513	192 309
Assistance: Year-end procedures	1 705 717	1 767 584
Disaster Management	171 175	99 639
DWAF Chemical Water Sampling	-	50 989
Environmental Management: Studies & other services	214 117	130 586
Electricity Demandside Management	28 098	-
Fax Machines, Copiers & Maintenance Agreements	303 012	209 165
Fire Fighting Services	2 006 723	3 729 700
Financial Management Assistance	330 318	878 747
Furniture Removal	-	133 943
Internal Audit Training	267 831	-
Integrated Transport Plan	1 127 910	-
Laboratory Tests	219 721	280 080
Laundry Services	187 897	84 254
License & Support Agreements	1 017 065	1 280 434
Maintenance Plans	20 954	333 512
Management Training	89 803	110 795
RBIG & DBSA Bulk Water Studies	-	1 017 781
Regional Landfill Site	248 255	-
Security Services	351 816	1 136 216
Tourism	127 492	55 838
	<u>8 430 516</u>	<u>12 372 352</u>

**30 ROADS - OPERATING EXPENDITURE**

	2016 R	2015 R
General Expenses	83 000 854	82 881 758
Contributions to Capital	1 757 977	1 315 340
	<u>84 758 841</u>	<u>84 197 098</u>

**31 GENERAL EXPENSES**

Included in general expenses are the following: -

	2016 R	2015 R
Advertisements	357 062	483 010
Audit Fees	2 047 760	2 367 931
Bank Charges	144 432	146 148
Computer Programs	25 000	-
Contribution Full time Shopsteward	32 285	24 543
Courier Services	1 675	910
Deeds	3 140	11 984
Disposable Equipment	86 688	-

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**31 GENERAL EXPENSES (CONTINUED)**

	2016 R	2015 R
Domestic Expenses	281 113	290 388
Balance previously reported	-	292 218
Correction of error - Note 32,7	-	(1 852)
Employee Support	37 989	23 750
Entertainment Allowances	32 342	35 632
External Audit Committee	-	138 722
Health Advisory Committee	3 271	965
Health Education	9 750	12 557
Insurance	686 135	1 015 374
Balance previously reported	-	756 578
Correction of error - Note 32,7	-	258 798
Laboratory Test	810 291	676 595
Laundry Service	145 321	145 895
Legal Fees	1 037 393	1 251 730
License fees	105 824	64 041
Material	7 743	2 550
Membership fees	1 082 289	1 083 303
Operating Projects	1 877 701	2 434 172
Personal Contribution Mission Street Plant	598 033	657 040
	876 876	1 158 679
Balance previously reported	-	1 193 172
Correction of error - Note 32,7	-	(34 293)
Postage/ Post Box Rental	42 494	37 278
Printing & Stationery	902 880	1 023 043
Protective Clothing	244 183	290 603
Balance previously reported	-	293 481
Correction of error - Note 32,7	-	(2 657)
Public Relations	6 393	7 290
Purchases Mattresses	6 901	50 254
Rates & Taxes	746 434	482 065
Refreshments	148 043	26 391
Registration Fees: Congresses	51 779	55 464
Rent	406 706	465 112
Rent Disaster Centre Equipment	54 028	318 399
Repayment: Eden Employee s (30)	29 314	-
Security	90 482	101 657
Services Accounts	2 484 801	2 851 904
Skills Development Levy	744 025	728 889
Strategic Planning	6 195	32 063
Study Assistance	176 888	298 070
Subsistence & Travel	1 037 466	1 206 247
Sundry Expenses	49 406	231 038
Sundry Expenses - Grant funded	15 306 780	25 007 655
Telephone/Data lines	2 891 841	2 814 401
Training	590 306	722 489
Valuation Fees	-	54 800
Vermin Control	701	-
Wreaths & Bouquets	21 009	26 094
Year-end Function	-	39 800
	36 738 831	49 474 064

**32 CORRECTION OF ERROR IN TERMS OF GRAP 3**

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

**32.1 Property Plant and Equipment**

*Balance previously reported - 30 June*

Correction of assets previously disposed now found - Note 11 & 32.7  
Correction of assets identified for the first time - Note 11, 32.6

*Restated Balance*

**Property Plant and Equipment**

*Balance previously reported - 30 June*

Correction of assets previously disposed now found - Note 11 & 32.7  
Correction of assets identified for the first time - Note 11, 32.6 & 32.7  
Correction of Error Removal of Incorrect depreciation - Note 11, 32.6 & 32.7

*Restated Balance*

**32.2 Payables from exchange transactions**

*Balance previously reported - 30 June*

Correction of GRV's processed never invoiced - Note 8, 32.6  
Correction of over provision of compensation commissioner expense in 2014-15 - Note 8, 32.7  
Correction VAT output on fire fighting fees and rental debtors - Note 8 & 32.7  
Correction of incorrect calculation of leave provision: Roads - Note 8  
Correction of incorrect calculation of leave days paid: Roads - Note 8

*Restated Balance*

**32.3 Other Receivables from Non-Exchange Transactions**

*Balance previously reported - 30 June*

Correction of insurance claim rejected - Note 18 & 32.7

*Restated Balance*

	2016 Cost R	2014 Cost R
<i>Balance previously reported - 30 June</i>	334 516 787	327 263 776
Correction of assets previously disposed now found - Note 11 & 32.7	342 184	-
Correction of assets identified for the first time - Note 11, 32.6	195 286	185 266
<i>Restated Balance</i>	335 053 238	327 399 042
	2016 Accumulated Depreciation R	2014 Accumulated Depreciation R
<i>Balance previously reported - 30 June</i>	34 126 501	32 568 107
Correction of assets previously disposed now found - Note 11 & 32.7	255 009	-
Correction of assets identified for the first time - Note 11, 32.6 & 32.7	120 326	105 143
Correction of Error Removal of Incorrect depreciation - Note 11, 32.6 & 32.7	2	-
<i>Restated Balance</i>	34 502 437	32 673 250
	2016 R	2014 R
<i>Balance previously reported - 30 June</i>	24 634 396	19 550 216
Correction of GRV's processed never invoiced - Note 8, 32.6	(265 090)	(226 288)
Correction of over provision of compensation commissioner expense in 2014-15 - Note 8, 32.7	(72 724)	-
Correction VAT output on fire fighting fees and rental debtors - Note 8 & 32.7	88 902	-
Correction of incorrect calculation of leave provision: Roads - Note 8	(1 083 099)	-
Correction of incorrect calculation of leave days paid: Roads - Note 8	(110 830)	-
<i>Restated Balance</i>	23 181 546	19 323 919
	R	R
<i>Balance previously reported - 30 June</i>	2 430 583	2 586 737
Correction of insurance claim rejected - Note 18 & 32.7	(258 798)	-
<i>Restated Balance</i>	2 171 787	2 586 737



**EDEN DISTRICT MUNICIPALITY**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**32 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

**32.4 VAT Receivable**

	R	R
	2015	2014
<i>Balance previously reported - 30 June</i>	<b>2 369 457</b>	<b>1 631 624</b>
Correction of error - input VAT not claimed on Insurance premiums - Note 10, 32.6	176 163	176 163
Correction of error - VAT on fire services accounts - Note 10, 32.7	(20 979)	-
<b>Restated Balance</b>	<b>2 524 641</b>	<b>2 007 987</b>

**32.5 Current Employee Benefits**

	R	R
	2015	2014
<i>Balance previously reported - 30 June</i>	<b>20 420 068</b>	<b>19 137 828</b>
Correction of incorrect calculation of leave provision: Eden - Note 6, 32.6 & 32.7	1 920 810	2 325 239
Correction of incorrect calculation of leave provision: Roads - Note 6	1 063 099	-
Correction of incorrect calculation regarding leave days paid: Eden - Note 6, 32.6 & 32.7	412 886	146 646
Correction of incorrect calculation regarding leave days paid: Roads - Note 6, 32.6 & 32.7	110 630	44 293
<b>Restated Balance</b>	<b>23 964 693</b>	<b>21 658 107</b>

**32.6 Accumulated Surplus/(Deficit)**

	R	R
	2015	2014
Correction of GRV's processed never invoiced - Note 8 & 32.2		226 294
Correction of assets previously disposed now found - Note 11 & 32.11		-
Correction of assets identified for the first time - Note 11, 32.1		90 123
Correction of incorrect calculation of leave provision - Note 6, 32.2 & 32.5		(2 325 239)
Correction of error - Input VAT not claimed on Insurance premiums - Note 10 & 32.4		176 163
Correction of application of incorrect assumptions with regards to Post Employment Health Care Benefits - Note 4, 32.6 and 32.7		46 490
Correction of application of incorrect assumptions with regards to Long Service Awards - Note 4, 32.6 and 32.7		(2 527 411)
Correction of incorrect calculation of leave provision - Note 6, 32.2 & 32.5		(148 648)
<b>Total amount credited/(debited) to accumulated surplus due to implementation of GRAP</b>		<b>(4 460 220)</b>

**32.7 Changes to Statement of Financial Performance**

	R	R
	2015	2014
Correction of GRV's processed never invoiced - Note 8, 32.2		38 802
Correction of assets previously disposed now found - Note 11 & 32.1		66 676
Correction of assets identified for the first time - Note 11, 32.1		(16 163)
Correction of Error Removal of incorrect depreciation - Note 11, 32.1		(2)
Correction of over provision of compensation commissioner expense in 2014-15 - Note 8, 32.2		72 724
Correction VAT output on fire fighting fees and rental debtors - Note 8 & 32.2		(88 902)
Correction of insurance claim rejected - Note 17 & 32.3		(258 796)
Correction of error - VAT on fire services accounts - Note 10, 32.4		(20 979)
Correction of Actuarial Loss with regards to Post Employment Health Care Benefits - Note 4, 32.6 and 32.8		56 366
Correction of Actuarial Loss with regards to Long Service Awards - Note 4, 32.6 and 32.8		(198 887)
Correction of Contribution with regards to Post Employment Health Care Benefits - Note 4, 32.6 and 32.8		94 486
Correction of Contribution with regards to Long Service Awards - Note 4, 32.6 and 32.8		319 802
Correction of incorrect calculation of leave provision - Note 6, 32.2 & 32.5		395 420
Correction of incorrect calculation regarding leave days paid: Eden - Note 6, 32.6 & 32.5		(264 236)
<b>Total amount credited/(debited) to Statement of Financial Performance due to implementation of GRAP</b>		<b>218 168</b>

**32.8 Employee Benefits - Liability**

	R	R
	2015	2014
<i>Balance previously reported - 30 June</i>	<b>132 411 522</b>	<b>116 891 826</b>
Correction of application of incorrect assumptions with regards to Post Employment Health Care Benefits - Note 4, 32.6 and 32.7	(48 490)	(48 490)
Correction of Actuarial Loss with regards to Post Employment Health Care Benefits - Note 4, 32.6 and 32.8	(55 366)	-
Correction of Contribution with regards to Post Employment Health Care Benefits - Note 4, 32.6 and 32.7	(94 486)	-
Correction of application of incorrect assumptions with regards to Post Employment Health Care Benefits: Roads - Note 4 and 32.9	(61 270)	(21 426)
Correction of application of incorrect assumptions with regards to Long Service Awards - Note 4, 32.6 and 32.7	2 527 411	2 527 411
Correction of Actuarial Loss with regards to Long Service Awards - Note 4, 32.6 and 32.7	198 887	-
Correction of Contribution with regards to Long Service Awards - Note 4, 32.6 and 32.7	(319 802)	-
Correction of application of incorrect assumptions with regards to Long Service Awards: Roads - Note 4 and 32.9	1 864 575	1 822 914
<b>Restated Balance</b>	<b>138 422 963</b>	<b>120 972 236</b>

**32.9 Employee Benefits - Asset**

	R	R
	2015	2014
<i>Balance previously reported - 30 June</i>	<b>55 877 848</b>	<b>49 391 728</b>
Correction of application of incorrect assumptions with regards to Post Employment Health Care Benefits: Roads - Note 4 and 32.8	(61 270)	(21 426)
Correction of application of incorrect assumptions with regards to Long Service Awards: Roads - Note 4 and 32.8	1 864 575	1 822 914
<b>Restated Balance</b>	<b>57 681 144</b>	<b>51 693 216</b>

**33 IMPAIRMENT LOSSES**

	2016	2015
	R	R
<b>Investment properties</b>		
Impairments - Land	-	65 500 478
Impairments - Buildings	-	84 881 250
	-	619 229
<b>Property, plant &amp; equipment</b>		
Land and Buildings	-	158 789 663
Other	-	158 789 663
	-	-
	-	244 290 042

**34 ACTUARIAL (GAIN) / LOSS**

	2016	2015
	R	R
<b>Eden</b>		
Actuarial Gains		
Long Service Leave Benefits	(380 558)	-
Ex-Gratia Pension Awards	(102 127)	(138 714)
	(482 685)	(138 714)
<b>Actuarial Loss</b>		
Post Employment Health Care Benefits	119 120	4 760 806
Long Service Leave Benefits	-	540 254
	119 120	5 301 082



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

35 CASH GENERATED FROM OPERATIONS	2016 R	2015 R
(Deficit) for the year from Continued Operations	28 347 884	(222 422 752)
Adjustments for: -		
Unamortised Discount - Expense	-	51 815
Depreciation	2 798 706	2 723 574
Amortisation	479 510	598 904
Grants received	109 982 985	170 533 443
Grants Repaid to National Revenue Fund	(300 000)	(59 000)
Grants recognised as revenue	(160 317 188)	(167 753 179)
Gain on disposal of property, plant and equipment	-	-
Loss on disposal of property, plant and equipment	163 113	305 456
Impairments	-	244 290 042
Contribution to Non-Current Provisions	(454 305)	(330 772)
Actuarial (Gain)/Loss	(1 223 025)	7 424 292
Employee benefits paid	(6 532 065)	(6 344 330)
Contribution to employee benefits	15 706 829	14 370 776
Bad debts written-off	(1 274 348)	(1 362 103)
Contribution to bad debt provision	7 817 253	(2 069 744)
Current employee benefits paid	(5 882 929)	(6 539 312)
Contribution to Current Employee Benefits	6 883 581	8 400 318
<b>Operating deficit before working capital changes</b>	<b>53 236 115</b>	<b>39 824 231</b>
(Increase)/Decrease in Inventory	134 796	1 144 990
Increase/(decrease) in Operating Lease Liability	(20 447)	3 474
(Increase)/Decrease in Operating Lease Asset	23 244	(51 230)
(Increase)/Decrease in Trade Receivables from exchange transactions	4 583 823	1 693 474
(Increase)/Decrease in Other Receivables from non-exchange transactions	1 448 005	507 898
Increase/(decrease) in creditors	(11 485 591)	5 278 954
(Increase)/Decrease in VAT	2 491 596	(516 954)
<b>Cash generated / (utilized in) operations</b>	<b>50 411 343</b>	<b>48 082 824</b>

36 CASH AND CASH EQUIVALENTS	2016 R	2015 R
Cash and cash equivalents included in the cash flow statement comprise the following amounts in the statement of financial position:		
Bank balances and cash	155 191 736	110 948 510
Call deposits	142 137	134 217
<b>Total cash and cash equivalents</b>	<b>155 333 873</b>	<b>111 082 727</b>

37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2016 R	2015 R
Long-term liabilities (see Note 3)	-	891 204
Used to finance property, plant and equipment - at cost	-	891 204
Sub-total	-	-
Cash set aside for the repayment of long-term liabilities (see note 3)	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
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. Loans were redeemed during March 2016.		

38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2016 R	2015 R
Cash and Cash Equivalents - Note 19	155 333 873	111 082 727
Investments - Note 14	28 027	28 027
	155 359 900	111 108 754
Less:	17 538 986	11 479 687
Unspent Committed Conditional Grants - Note 9	17 537 796	11 458 071
Operating Lease Liability - Note 18	1 170	21 616
<b>Net cash resources available for internal distribution</b>	<b>137 820 934</b>	<b>99 629 067</b>
Allocated to:		
Capital Replacement Reserve	(24 675 638)	(21 370 380)
<b>Resources available for working capital requirements</b>	<b>113 145 297</b>	<b>78 258 707</b>

38.1 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2016 R	2015 R
<b>38.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balances	295 484 610	58 818 807
Unauthorised expenditure current year	78 403	236 665 803
Approved by Council to be written off	(295 484 610)	-
Transfer to receivables for recovery	-	-
	76 403	295 484 610

The unauthorised expenditure will be presented to Council in the 2016/2017 financial year for condonation

Unauthorised expenditure for 2015/2016 is with regards to capital items budgeted for under repairs and maintenance, but had to be re-allocated to capital items as per GRAP requirements.

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance - excluding grant funded expenditure)	2016 R (Unauthorised)
<b>Expenditure by Vote</b>				
Executive and Council	37 411 361	42 831 519	(5 220 158)	-
Budget and Treasury Office	19 672 717	22 225 008	(2 552 292)	-
Corporate Services	27 831 583	30 541 870	(2 710 287)	-
Sport and Recreation	9 600 764	10 815 875	(1 014 912)	-
Public Safety	37 252 903	45 889 368	(8 636 465)	-
Health	28 145 428	30 304 343	(2 158 916)	-
Planning and Development	7 936 394	11 558 734	(3 622 340)	-
Road Transport	146 332 529	147 262 890	(930 361)	-
Water	823 443	20 812 235	(19 988 792)	-
Waste Management	2 411 011	3 243 070	(832 059)	-
Environmental Protection	2 150 219	2 797 708	(647 489)	-
	<b>319 568 352</b>	<b>367 882 421</b>	<b>(48 314 069)</b>	<b>-</b>

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

Capital expenditure by vote	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (Unauthorised)
Executive & Council	8 793	30 000	(23 207)	-
Budget and Treasury Office	113 190	139 500	(26 310)	-
Corporate Services	973 183	1 120 000	(146 817)	-
Community and Social Services	25 444	-	25 444	25 444
Sport & Recreation	102 881	197 000	(94 339)	-
Public Safety	733 895	775 000	(41 105)	-
Health	61 859	11 000	50 859	50 859
Environmental Protection	-	12 000	(12 000)	-
	<b>2 017 126</b>	<b>2 290 500</b>	<b>(273 374)</b>	<b>76 403</b>

**39.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

	2016 R	2015 R
Opening balance	2 922 485	2 293 419
J De Klerk	-	400 000
A Lamont	-	199 540
Interest: A Lamont	-	4 064
Interest: Municipal accounts	19 653	10 630
Interest: SARS Penalties and fines	3 338	14 812
Fruitless and wasteful expenditure current year	1 124 711	-
Approved by Council to be written off	(2 196 442)	-
	<b>1 873 745</b>	<b>2 922 485</b>

Fruitless and wasteful expenditure relates to a Court settlement paid with regards to the Lafatshe legal matter. The fruitless and wasteful expenditure will be presented to Council in the 2016/2017 financial year for condonation.

**39.3 Irregular expenditure**

Reconciliation of irregular expenditure

	2016 R	2015 R
Opening balance - previously reported	35 889 453	29 421 396
Irregular expenditure current year	10 820 102	6 458 057
Irregular expenditure current year - previously reported	-	3 799 200
Correction of error - additional irregular expenditure identified	-	2 668 867
Condoned or written off by Council	(25 653 611)	-
Recovered during year	-	-
Irregular expenditure awaiting condonement	-	-
	<b>21 055 943</b>	<b>35 889 453</b>

Restatement of irregular expenditure recognised in the prior year relates to transactions with suppliers where supply chain management/MFMA process was not followed with regards to the extension of contracts.

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

Irregular expenditure relating to the current financial year include spilling of orders, SCMM/FMA processes / legislative requirements not adhered to as identified by Management. A detailed register is available.

**40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**40.1 Contributions to organized local government**

	2016 R	2015 R
Opening balance	-	-
Council subscriptions	46 574	51 441
Amount paid- current year	(45 574)	(51 441)
Amount paid - previous year	-	-
<b>Balance unpaid (Included in creditors)</b>	<b>-</b>	<b>-</b>

**40.2 Audit fees**

	2016 R	2015 R
Opening balance	-	-
Current year audit fee	2 647 769	2 387 831
Amount paid - prior year	(2 647 769)	(2 387 831)
Amount paid - previous year	-	-
<b>Balance unpaid (Included in creditors)</b>	<b>-</b>	<b>-</b>

**40.3 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.

**40.4 PAYE AND UIF**

	2016 R	2015 R
Opening balance	-	-
Current year payroll deductions	20 696 380	19 856 835
Amount paid - current year	(20 696 380)	(19 856 835)
Amount paid - previous years	-	-
<b>Balance unpaid (Included in debtors)</b>	<b>-</b>	<b>-</b>

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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

**40.5 Pension and Medical Aid Deductions**

Opening balance		
Current year payroll deductions and Council Contributions	22 805 200	22 286 480
Amount paid - current year	(22 805 200)	(22 286 480)
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.

	2016 R	2015 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	22 805 200	22 286 480
Amount paid - current year	(22 805 200)	(22 286 480)
Amount paid - previous years		
<b>Balance unpaid (Included in debtors)</b>	<b>-</b>	<b>-</b>

**40.6 Councillor's arrear accounts**

**30 June 2016**

The following amounts are outstanding regarding travel allowances:

AM Wildeman	778 631	778 631
JL Hartnick	528 701	528 701
J Bouwer	384 823	384 823
JMG Bekker	305 251	305 251
PJ Roodman	289 134	289 134
SCP Billoh	106 187	106 187
HJ Loff	100 172	100 172
HJ Mc Combl	98 285	98 285
A Hartnick	80 327	80 327
JJA Koegelenberg	14 257	14 257
JE Davids	47 703	47 703
A Ewerts	46 211	46 211
J Hammse	40 938	40 938
CN Ngelo	28 487	28 487
FH Stemmet	27 373	27 373
B Le Roux	26 676	26 676
P van der Hoven	24 124	24 124
E Nel	16 425	16 425
PJW Murray	14 257	14 257
JST Alberts	12 859	12 859
AR Olivier	-	-
M Fielles	10 091	10 091
EKV van Eden	8 549	8 549
PJL Grobler	7 984	7 984
A Baartman	6 944	6 944
N Bityi	4 274	4 274
D Kempfer	914	914
EN Mtabati	651	651
F Joseph	325	325
R Johannes	1 785	1 785

Total	Outstanding less than 90 days	Outstanding more than 90 days
778 631		778 631
528 701		528 701
384 823		384 823
305 251		305 251
289 134		289 134
106 187		106 187
100 172		100 172
98 285		98 285
80 327		80 327
14 257		14 257
47 703		47 703
46 211		46 211
40 938		40 938
28 487		28 487
27 373		27 373
26 676		26 676
24 124		24 124
16 425		16 425
14 257		14 257
12 859		12 859
-		-
10 091		10 091
8 549		8 549
7 984		7 984
6 944		6 944
4 274		4 274
914		914
651		651
325		325
1 785		1 785
<b>2 971 488</b>	<b>-</b>	<b>2 971 488</b>

**30 June 2016**

The following amounts are outstanding regarding cellphone accounts:

Billoh	21 566	21 566
D Kamfer	17 017	17 017
S Lollwe	16 331	16 331
Kroma	8 189	8 189
M Fielles	7 819	7 819
HJ McCombl	6 472	6 472
TME Gombo	5 021	5 021
S de Vries	2 807	2 807
Ewerts	2 813	2 813
J Kemoetle	1 663	1 663
JH Loff	1 224	1 224
J Maxim	971	971
Dorfling	833	833
CN Ngelo	846	846
E Mtabati	720	720
F Stemmet	716	716
J Bekker	341	341
TA Simmers	1 861	1 861

Total	Outstanding less than 90 days	Outstanding more than 90 days
21 566		21 566
17 017		17 017
16 331		16 331
8 189		8 189
7 819		7 819
6 472		6 472
5 021		5 021
2 807		2 807
2 813		2 813
1 663		1 663
1 224		1 224
971		971
833		833
846		846
720		720
716		716
341		341
1 861		1 861
<b>96 889</b>	<b>-</b>	<b>96 889</b>

**30 June 2015**

The following amounts are outstanding regarding travel allowances:

AM Wildeman	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 Billoh	95 708	95 708
HJ Loff	89 088	89 088
HJ Mc Combl	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 Hammse	36 396	36 396
CN Ngelo	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	12 067	12 067
JST Alberts	11 588	11 588
AR Olivier	8 261	8 261
M Fielles	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 Kempfer	812	812
EN Mtabati	605	605
F Joseph	289	289
R Johannes	1 596	1 596

Total	Outstanding less than 90 days	Outstanding more than 90 days
691 774		691 774
469 804		469 804
324 216		324 216
271 226		271 226
239 112		239 112
95 708		95 708
89 088		89 088
85 984		85 984
71 366		71 366
56 120		56 120
42 382		42 382
41 256		41 256
36 396		36 396
26 260		26 260
24 373		24 373
23 700		23 700
21 433		21 433
14 593		14 593
12 067		12 067
11 588		11 588
8 261		8 261
9 304		9 304
7 596		7 596
7 076		7 076
6 170		6 170
3 798		3 798
812		812
605		605
289		289
1 596		1 596
<b>2 694 552</b>	<b>-</b>	<b>2 694 552</b>



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

30 June 2015	Total	2016 R	2015 R
		Outstanding less than 60 days	Outstanding more than 60 days
The following amounts are outstanding regarding cellphone accounts:			
Bijohn	18 050	-	18 050
D Kemfer	15 336	-	15 336
S Lolwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	6 523	-	6 523
HJ McCombi	5 368	-	5 368
Saaria	4 525	-	4 525
S de Vries	2 630	-	2 630
Ewerts	2 332	-	2 332
J Kemoetle	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtshali	622	-	622
F Stemmet	602	-	592
J Bekker	281	-	281
Simmens	1 677	-	1 677
	<b>84 650</b>		<b>84 650</b>

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	299 685	146 030	462 102	-
Community Services	1 054 452	404 480	-	-
Office of the MM	39 061	210 776	-	-
Strategic Services	236 437	318 039	206 443	-
Technical Services	1 673 879	1 322 784	-	-
	<b>3 304 115</b>	<b>2 402 111</b>	<b>670 545</b>	<b>-</b>

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
ILVDS Security	Impractical Procurement Process	285 772
Business Engineering	Sole Supplier	245 700
Office of the Auditor General	Sole Supplier	217 002
Roux Attorneys	Impractical Procurement Process	206 443
Payday Software	Sole Supplier	169 175
PWC	Impractical Procurement Process	135 021
ELB Equipment	Impractical Procurement Process	109 343
Wilson Plumbers	Impractical Procurement Process	91 219
ELB Equipment	Impractical Procurement Process	80 687
Total		1 541 742

40.7 Trading with Employees in Service of the State

The following purchases were made from close family members of persons in the service of the state:

Supplier	Employee	State Department	2016 R	2015 R
IGB Trading	NM Bourneester	Eden District Municipality	30 327	-
Shabby to Chick	J Stander	Eden District Municipality	13 210	-
Zeelies Alein Control Services	A Wildeman (Roads)	Eden District Municipality	28 216	-
			<b>71 752</b>	<b>-</b>

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

Supplier	Employee	State Department	2016 R	2015 R
Southern Cape Fire Protection Association	G Otto - Director	Eden District Municipality	1 325 021	1 721 397
Jula & Company Ltd	JD Volmink - Director	North West University	-	10 061
Minoico (Pty) Ltd via Konica Minolta	KR Mthimunya -	State Information	-	23 790
Vodacom	V Jarana - Director	Legal Aid South Africa	-	900 712
Nashua Mobile	D Nchoba - Director	NAT: Arts & Culture	-	676
ACN South Africa (Pty) Ltd	MM Meponya - Director	NTP Radioscopes	-	841 694
MK Construction via Africa Co	MA Kula - Member	EC: Health	-	-
			<b>1 325 021</b>	<b>3 468 320</b>



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

41	CONTINGENT LIABILITY	2016 R	2015 R
41.1	<b>GHJ Kruger</b> 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 R806 550 as a result of the fire that spread to this property. Eden is acting as an agent of the Province. Judgement was received on 28 October 2015. The plaintiff's claim is dismissed with costs.	-	906 550
41.2	<b>Theunis Bernard / Eden DM / September January</b> 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
41.3	<b>F du Toit / DL du Plooy / Eden DM</b> 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
41.4	<b>Lefatshe - Computer Systems</b> 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 submitted an account to the amount of R1,643,174.81 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 investigation of the forensic investigation. There was a summons served on Eden District Municipality on 8 November 2011. The amount claimed is being disputed. This forms part of a R23,449,235.67 contract. Lefatshe Technologies were liquidated and on 19 March 2015, Raubenheimers informed Eden District Municipality that the liquidators want to continue with the claim from the claimant. The arbitration award dated 11 December 2015 stated that Eden District Municipality is liable to pay the claimant the amount of R1,643,174.81 together with interest. This amount has been paid (R2,747,770.60) on 11 February 2016. Although the quantum of damages are still outstanding, the claimant has indicated an amount of R9,329,213 plus interest	9 329 213	9 329 213
41.5	<b>Hoogbaard / Delo vs. Eden DM / GW Louw</b> 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. There is no further movement on the file and the opposition have not applied for a hearing date. The opposition must decide the way forward, Eden will not incur unnecessary costs. This case is dormant. There is no prospect of success and claimants might decide to withdraw.	600 000	600 000
41.6	<b>I Gerber N.O and others / Eden DM and P McKenzie</b> 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 obtained an eviction order against Gerber.	21 840	21 840
41.7	<b>Possible Dispute with B-Municipalities Regarding Properties Registered in Eden District Municipality's Name</b> 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.	88 163 662	88 163 662
41.8	<b>Uniondale Correction Facility on behalf of Department of Public works</b> Electricity consumption for 2006 - 2011. A claim of R8.3 m has been received. The matter is currently still in process.	8 323 662	8 323 662
41.9	<b>MR Michaels</b> 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. He was subsequently appointed from 1 April 2015. He declared another dispute regarding the date of his permanent appointment. He claims it must be 1 January 2015. The financial implication is minimal. His salary package for three months.	-	40 171
41.10	<b>Keyser, Doorndrift Farm 32 George</b> 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.	639 201	639 201
41.11	<b>Tommy de Bruyn</b> Refusal to pay voluntary retrenchment package. This is currently in the negotiation phase.	268 967	-
41.12	<b>K Langeveld</b> Unfair labour practice.	316 819	-
41.13	<b>V Gouws / Mc Master / Taylor</b> Unfair dismissals of V Gouws, Mc Master & Taylor. The process for Mc Master is finalised with a possible settlement of R263,000. V Gouws and Taylor are busy with the arbitration process with a possible claim of R293,000 each.	679 000	-
41.14	<b>JL du Preez</b> Unfair Labour Practice. Mr Du Preez alleges that Eden District Municipality has denied him of an opportunity to be appointed as a buyer. He failed during the interview process to declare that he was previously dismissed at his previous employer. His prospects of success in the Labour Court is nil. This is a frivolous and vexatious claim.	-	-
		88 157 345	88 639 279
42	<b>IN-KIND DONATIONS AND ASSISTANCE</b>		
	The Municipality received the following services In-kind:		
	Name	R	Value of service received
	Mr. John Kruyt (Advisor on National Treasury GTAC program)	1 000 000	
	Miss. Elanthe Terblanche (Intern from Western Cape Provincial Treasury)	49 070	
	Mr. Eduard Lotz (Advisor on Municipal Infrastructure Support Agent Program)	247 437	
		1 296 507	
43	<b>EVENTS AFTER THE REPORTING DATE</b>		
	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 2016

44

**RELATED PARTY TRANSACTIONS**

**44.1 Related Party Transactions**

**Service Charges                      Outstanding balances**

**Year ended 30 June 2016**

**Key Beez Development Projects CC**

C Scheepers' (Deputy Manager Human Resources, Eden District Municipality) brother in law owns Key Beez Development Projects. Eden District Municipality received training from Key Beez Development Projects regarding interpersonal skills.

**Mubeko Africa CC**

B Holtshausen (Eden District Municipality's Executive Manager Corporate/Strategic Services) daughter works for Mubeko Africa (Pty) Ltd. Eden District Municipality received GRAP and mSCOA support services from Mubeko Africa.

1 124 950                      270 476

**Year ended 30 June 2015**

**Key Beez Development Projects CC**

C Scheepers' (Deputy Manager Human Resources, Eden District Municipality) brother in law owns Key Beez Development Projects. Eden District Municipality received training from Key Beez Development Projects regarding interpersonal skills.

27 000                      -

**Mubeko Africa CC**

B Holtshausen (Eden District Municipality's Executive Manager Corporate/Strategic Services) daughter works for Mubeko Africa (Pty) Ltd. Eden District Municipality received GRAP support services from Mubeko Africa.

611 268                      67 162

**44.2 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 18 to the Annual Financial Statements.

**44.3 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 executive manager of Eden District Municipality:

- \* Executive Mayor
- \* Speaker
- \* Mayoral Committee members
- \* Councillors
- \* Municipal Manager
- \* Executive Manager: Finance
- \* Executive Manager: Corporate / Strategic Services
- \* Executive Manager: Technical Services
- \* Executive Manager: Community Services

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





## EDEN DISTRICT MUNICIPALITY

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

#### 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 does not have significant interest-bearing liabilities, the entity's income and operating cash flows are not substantially dependent on changes in market interest rates.

The municipality analyses 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.

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

1% (2015 - 1%) Increase in interest rates  
0.5% (2015 - 0.6%) Decrease in interest rates

	2016 R	2015 R
	1 682 (841)	(5 216) 2 608

#### 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:

	2016 %	2016 R	2015 %	2015 R
Ambulance and Fire Fighting Fees	54.43%	5 891 663	47.34%	2 037 467
Councillors' Arrears (Refer to Note A on next page)	28.86%	3 127 222	0.00%	-
Rental Agreements	8.69%	724 697	3.11%	133 793
Sundry debtors	9.96%	1 081 600	49.55%	2 132 206
	100.00%	10 825 112	100.00%	4 303 466

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

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

Long-term Receivables and Other Debtors are individually evaluated annually at 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:

	2016 R	2015 R
Trade receivables - Exchange transactions	3 415 421	15 571 297
Other receivables - Non exchange transactions	1 753 125	2 171 782
Short term Investment Deposits	142 137	134 217
Bank Balances and Cash	155 191 736	110 948 510
<b>Maximum Credit Risk Exposure</b>	<b>160 502 420</b>	<b>128 825 806</b>
<b>Debtors past due date no impaired</b>		
31-60 days	119 461	1 614 716
61-90 days	-	81 250
91-120 days	160 626	8 574
121-365 days	3 876 306	5 149 991
+365 days	1 189 237	573 038
	<b>5 438 620</b>	<b>7 327 570</b>

#### 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.

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**45 RISK EXPOSURES (CONTINUED)**

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2016</b>				
Trade and Other Payables	11 705 954	-	-	-
Unspent conditional government grants and receipts	17 537 796	-	-	-
	<u>29 243 750</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2015</b>				
Trade and Other Payables	23 101 545	-	-	-
Unspent conditional government grants and receipts	11 458 071	-	-	-
	<u>34 559 616</u>	<u>-</u>	<u>-</u>	<u>-</u>

**46 FINANCIAL INSTRUMENTS**

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

	2016 R	2015 R
<b>Financial Asset</b>		
Service debtors	3 416 421	15 571 297
<b>Other Debtors</b>		
Roads - Sundry debtors	824 459	9 717 220
Sundry debtors	1 434 878	1 996 393
Recoverable Debtors	183 916	141 880
<b>Non-current Investments</b>		
Non-current Investment	26 027	26 027
<b>Short term Investment Deposits</b>		
Call Deposits	142 137	134 217
<b>Bank Balances and Cash</b>		
Bank Balances	155 180 503	110 937 087
Cash Floats and Advances	11 233	11 423
<b>Total Financial Assets</b>	<u>181 198 374</u>	<u>138 535 543</u>
<b>SUMMARY OF FINANCIAL ASSETS</b>		
Financial instruments at amortised cost	<u>181 198 374</u>	<u>138 535 543</u>
	<u>181 198 374</u>	<u>138 535 543</u>
<b>Financial Liability</b>		
<b>Non-Current Liabilities</b>		
Long-term Liabilities	-	-
<b>Current Liabilities</b>		
Trade and other payables	11 705 954	23 101 545
Current portion of long-term liabilities	-	681 794
<b>Total Financial Liabilities</b>	<u>11 705 954</u>	<u>23 873 339</u>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>		
Financial instruments at amortised cost	<u>11 705 954</u>	<u>23 873 339</u>

**47 STATUTORY RECEIVABLES**

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

	2016 R	2015 R
<b>Taxes</b>		
Vat Receivable	33 045	2 524 841
<b>Receivables from Non-Exchange Transactions</b>		
Fines	33 045	-
	<u>33 045</u>	<u>2 524 841</u>

**48 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 during 2014/2015, 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, but has been extended as the relevant SCM / MFMA processes have not been concluded. A Provincial Oversight Committee has been established to oversee the process and progress. It is envisioned that the erection of the landfill site will commence on 1 July 2017. The total cost per year is estimated at R60 million per annum.

**49 NON-COMPLIANCE WITH THE MFMA**

In terms of Section 65(2)(e) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), Some Creditors were not paid within 30 days.  
In terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), Donations to organisations outside government.

2016 R	2015 R
8 887 519	-
6 000	-



**EDEN DISTRICT MUNICIPALITY  
ANNEXURE A  
SCHEDULE OF EXTERNAL LOANS  
FOR THE YEAR ENDED 30 JUNE 2016**

EXTERNAL LOANS	Loan No.	Redeemable	Balance 30/06/2015 R	Received during the period R	Redeemed or written off R	Balance 30/06/2016 R	Carrying Value of Property, Plant and Equipment R	Other Costs in accordance with the MFMA
<b>DBSA LOANS</b>								
<i>Loan: 10130/102</i> (10% interest rate, six monthly installments of R 25 669.04 with the final payment on 30/09/2015)			691 204	-	691 204	-	-	-
<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 193 023.60 with the final payment on 30/09/2015)								
			691 204	-	691 204	-	-	-
<b>LEASE LIABILITY</b>								
Office Equipment @ average of 12%			-	-	-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>			691 204	-	691 204	-	-	-

**ANNEXURE B  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MPFA, 56 OF 2003  
2010 Financial Year**

Description	Provider	1 July 2010				2010 Financial Year				Closing Balance				
		Operating balance	Correction of Error	Resubsidised Operating balance	Grants received	Debtors	Transfers to fund	Operating	Capital	Repaid to National Revenue Fund	Income	Unspent	Unpaid	
Municipal Systems Improvement Grant (MSIG)	National Government Grants	1 708	-	1 708	630 000	-	-	371 589	437 601	-	113 262	9 516	-	
Enitabile Shire	National Government Grants	-	-	-	138 902 000	-	-	138 902 000	-	-	-	-	-	
DPL Land Affairs, District Assessment Committee	Provincial Government Grants	40 343	-	40 343	-	-	-	18 342	-	-	2 098	28 453	-	
Local Government/Financial Management Grant (FMG)	National Government Grants	-	-	-	1 250 000	-	-	1 084 487	108 474	-	84 272	(25 242)	25 242	
LOESTAR-Subsidiaries	Other Grant Providers	592 548	-	592 548	214 326	-	-	365 984	-	-	-	480 910	-	
Block system Elimination Schools/Clinic	Provincial Government Grants	78 317	-	78 317	-	-	-	1 019 460	-	-	2 140	78 317	-	
Expanded Public Works Incentives	National Government Grants	207 804	-	207 804	1 005 000	-	-	1 019 460	-	-	(16 646)	(16 646)	-	
Task Contributions - Municipalities	Other Grant Providers	73 516	-	73 516	180 998	-	-	230 603	-	-	-	152 189	-	
WC FMG Assistance	Provincial Government Grants	35 588	-	35 588	-	-	-	-	-	-	-	73 516	-	
DWA: Abstraction Validation on Blou	Provincial Government Grants	633 910	-	633 910	-	-	-	-	-	-	-	35 588	-	
RBIG & DBSA: Bulk Water Studies	Other Grant Providers	(252 822)	-	(252 822)	-	-	-	1 127 910	-	-	157 807	652 742	-	
Integrated Transport	National Government Grants	1 939 559	-	1 939 559	-	-	-	15 306 700	-	-	-	7 387 185	-	
Municipal Disaster Recovery	National Government Grants	1 824 946	-	1 824 946	20 849 000	-	-	-	-	-	-	136 250	-	
Municipal Menstrual Collections	Provincial Government Grants	138 250	-	138 250	-	-	-	128 000	-	-	-	20 000	-	
Nelson Mandela Biosphere Reserve Project	Other Grant Providers	38 000	-	38 000	110 000	-	-	248 255	-	-	34 476	(0)	0	
Slurry: Implementation/Alternative Solid Waste Tech	Other Grant Providers	(307 860)	-	(307 860)	589 680	-	-	-	-	-	-	11 845	-	
WC FMG Allocations	Provincial Government Grants	11 845	-	11 845	-	-	-	-	-	-	-	214 838	-	
Rural Roads Asset Management Systems	Provincial Government Grants	403 952	-	403 952	650 000	-	-	472 819	-	300 000	68 185	214 838	-	
ROADS - DEPARTMENT OF TRANSPORT	National Government Grants	403 952	-	403 952	2 283 000	-	-	5 708	-	-	571	2 278 721	-	
CONSOLIDATED MIG PROJECTS - OPERATIONAL	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
TOTALS		5 487 894	-	5 487 894	166 982 885	-	-	159 279 953	544 074	300 000	481 420	11 875 331	12 189 342	294 510
DIME GRANTS		-	-	-	-	-	-	-	-	-	-	-	-	-
Elasticity Demand Side Management	National Government Grants	5 388 894	-	5 388 894	-	-	-	28 038	-	-	3 933	5 387 865	-	
TOTALS		5 388 894	-	5 388 894	-	-	-	28 038	-	-	3 933	5 387 865	5 387 865	-
UNSPENT BALANCES END OF REPORTING PERIOD		10 867 438	-	10 867 438	166 982 885	-	-	159 307 769	544 074	300 000	486 354	17 243 286	17 437 796	294 510
Consolidated MIG Projects		-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated FMG Projects		4 189 499	-	4 189 499	1 250 000	-	-	-	-	-	-	5 439 496	5 439 496	-
Consolidated MSIG Projects		(878 161)	-	(878 161)	830 000	-	-	1 084 487	-	-	-	(1 032 678)	1 032 678	-



**APPENDIX C(1) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description R thousand	2015/2016							2014/2015
	Original Budget	Budget Adjustments (I.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>Revenue - Standard</b>								
<i>Governance and administration</i>	209 837	14 846	224 683	180 237	(44 446)	80.2%	85.9%	184 774
Executive and council	209 837	14 846	224 683	180 237	(44 446)	80.2%	85.9%	183 753
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	1 021
<i>Community and public safety</i>	6 823	(571)	6 251	6 815	564	108.0%	99.9%	5 844
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	6 637	(571)	6 065	6 573	507	108.4%	99.0%	5 629
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	166	-	166	242	66	130.3%	130.3%	215
<i>Economic and environmental services</i>	128 955	14 480	143 435	160 865	17 430	112.2%	124.7%	135 983
Planning and development	-	-	-	10	10	#DIV/0!	#DIV/0!	-
Road transport	128 700	14 480	143 180	160 733	17 553	112.3%	124.9%	135 418
Environmental protection	265	-	265	122	(133)	47.8%	47.8%	167
<i>Trading services</i>	2 000	(564)	1 416	-	(1 416)	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	2 000	(564)	1 416	-	(1 416)	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>347 815</b>	<b>28 170</b>	<b>375 985</b>	<b>347 816</b>	<b>(27 889)</b>	<b>82.8%</b>	<b>100.1%</b>	<b>328 201</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	115 022	(19 623)	95 399	84 916	(10 483)	88.0%	73.8%	328 143
Executive and council	60 273	(17 842)	42 831	37 411	(5 220)	87.8%	62.1%	262 618
Budget and treasury office	23 616	(1 300)	22 226	19 673	(2 553)	88.5%	83.3%	17 602
Corporate services	31 134	(582)	30 542	27 832	(2 710)	91.1%	89.4%	27 683
<i>Community and public safety</i>	63 138	23 671	86 809	74 999	(11 810)	86.4%	118.8%	85 483
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	11 228	(612)	10 616	9 601	(1 015)	90.4%	85.5%	10 342
Public safety	24 424	21 465	45 889	37 253	(8 636)	81.2%	152.5%	47 188
Housing	-	-	-	-	-	-	-	-
Health	27 486	2 618	30 304	28 145	(2 159)	92.9%	102.4%	27 853
<i>Economic and environmental services</i>	148 118	15 501	161 619	156 419	(5 200)	96.8%	107.0%	130 371
Planning and development	11 880	(331)	11 558	7 936	(3 622)	68.7%	68.8%	6 867
Road transport	131 883	15 360	147 263	148 333	(930)	99.4%	111.0%	121 631
Environmental protection	2 346	451	2 798	2 150	(647)	76.9%	91.6%	1 874
<i>Trading services</i>	22 300	1 755	24 055	3 234	(20 821)	13.4%	14.5%	4 827
Electricity	-	-	-	-	-	-	-	-
Water	20 782	30	20 812	823	(19 989)	4.0%	4.0%	420
Waste water management	-	-	-	-	-	-	-	1 918
Waste management	1 517	1 726	3 243	2 411	(832)	74.3%	158.9%	2 289
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>346 579</b>	<b>21 304</b>	<b>367 883</b>	<b>319 968</b>	<b>(48 314)</b>	<b>86.9%</b>	<b>82.2%</b>	<b>548 623</b>
<b>Surplus/(Deficit) for the year</b>	<b>1 036</b>	<b>6 867</b>	<b>7 903</b>	<b>28 348</b>	<b>20 445</b>	<b>358.7%</b>	<b>2736.2%</b>	<b>(222 423)</b>



**APPENDIX C(2) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual	Actual Outcome as %	Actual Outcome as %	Restated Audited Outcome
<b>Revenue by Vote</b>								
Executive and Council	209 837	14 646	224 483	180 237	(44 446)	80.2%	85.9%	183 753
Budget and Treasury Office	-	-	-	-	-	-	-	1 021
Corporate Services	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	5 629
Sport and Recreation	6 637	(572)	6 065	6 673	508	108.4%	99.0%	-
Public Safety	-	-	-	-	-	-	-	-
Health	186	-	186	242	56	130.3%	130.3%	215
Planning and Development	-	-	-	10	10	#DIV/0!	#DIV/0!	-
Road Transport	128 700	14 480	143 180	160 733	17 553	112.3%	124.9%	135 416
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	2 000	(584)	1 416	-	(1 416)	-	-	-
Environmental Protection	255	-	255	122	(133)	47.8%	47.8%	167
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>347 815</b>	<b>28 170</b>	<b>375 985</b>	<b>347 818</b>	<b>(27 868)</b>	<b>82.0%</b>	<b>100.1%</b>	<b>326 201</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	60 273	(17 644)	42 629	37 411	(5 220)	87.8%	62.1%	262 816
Budget and Treasury Office	29 616	(1 391)	28 225	19 673	(2 552)	88.5%	83.3%	17 662
Corporate Services	31 134	(582)	30 552	27 832	(2 710)	91.1%	89.4%	27 663
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	11 228	(812)	10 416	9 601	(1 015)	90.4%	85.5%	10 342
Public Safety	24 424	21 465	45 889	37 253	(6 636)	81.2%	152.5%	47 188
Health	27 486	2 816	30 304	28 145	(2 159)	92.9%	102.4%	27 953
Planning and Development	11 889	(330)	11 559	7 936	(3 622)	68.7%	66.8%	6 667
Road Transport	131 663	15 380	147 043	146 333	(710)	99.4%	111.0%	121 631
Electricity	-	-	-	-	-	-	-	-
Water	20 782	30	20 812	823	(19 989)	4.0%	4.0%	420
Waste Water Management	-	-	-	-	-	-	-	1 918
Waste Management	1 517	1 726	3 243	2 411	(832)	74.3%	158.9%	2 269
Environmental Protection	2 346	451	2 797	2 150	(647)	76.9%	91.6%	1 874
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>346 579</b>	<b>21 303</b>	<b>367 882</b>	<b>319 368</b>	<b>(48 314)</b>	<b>86.9%</b>	<b>92.2%</b>	<b>548 623</b>
<b>Surplus(Deficit) for the year</b>	<b>1 036</b>	<b>6 887</b>	<b>7 903</b>	<b>28 348</b>	<b>20 445</b>	<b>358.7%</b>	<b>2736.2%</b>	<b>(222 422)</b>



**APPENDIX C(3) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
REVENUE AND EXPENDITURE**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1 357	(12)	1 345	1 283	(62)	95.4%	94.0%	810
Interest earned - external investments	5 225	1 398	6 621	10 708	4 172	163.0%	206.6%	7 381
Interest earned - outstanding debtors	-	754	754	1 108	352	146.7%	#DIV/0!	772
Dividends received	681	(681)	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-
Agency services	14 280	1 412	15 692	15 534	(158)	99.0%	108.8%	167
Transfers recognised - operating	188 119	10 790	198 909	188 317	(36 591)	81.4%	80.1%	167 753
Other revenue	136 953	14 611	151 564	158 883	4 419	102.9%	113.5%	149 318
Gains on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>347 615</b>	<b>28 170</b>	<b>375 785</b>	<b>347 918</b>	<b>(27 868)</b>	<b>1334.0%</b>	<b>100.1%</b>	<b>328 201</b>
<b>Expenditure By Type</b>								
Employee related costs	101 388	4 390	105 788	106 822	61 034	157.7%	164.5%	155 589
Remuneration of councillors	8 486	(200)	8 286	7 786	(510)	93.9%	91.8%	7 525
Debt impairment	1 000	-	1 000	7 817	6 817	781.7%	781.7%	-
Depreciation & asset impairment	6 800	(3 000)	3 800	3 278	(522)	86.3%	48.2%	247 811
Finance charges	864	(595)	269	200	131	288.9%	30.0%	1 189
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	7 214	54 691	61 905	8 431	(53 475)	13.6%	116.8%	12 372
Transfers and grants	47 217	(47 217)	0	-	(0)	-	-	-
General Expenses	173 790	13 234	187 024	125 072	(61 952)	66.0%	72.0%	124 112
Loss on disposal of PPE	-	-	-	183	183	#DIV/0!	#DIV/0!	305
<b>Total Expenditure</b>	<b>346 579</b>	<b>21 304</b>	<b>367 883</b>	<b>319 566</b>	<b>(48 314)</b>	<b>1726.9%</b>	<b>92.2%</b>	<b>548 624</b>
<b>Surplus/(Deficit)</b>	<b>1 036</b>	<b>6 867</b>	<b>7 903</b>	<b>28 348</b>	<b>20 445</b>	<b>356.7%</b>	<b>2736.4%</b>	<b>(222 423)</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1 036</b>	<b>6 867</b>	<b>7 903</b>	<b>28 348</b>	<b>20 445</b>	<b>356.7%</b>	<b>2736.4%</b>	<b>(222 423)</b>



**APPENDIX C(4) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2015/2016						2014/2015	
	Original Budget	Budget Adjustments (I.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	Revised Audited Outcome
R thousand								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure</b>								
Executive and Council	30	-	30	-	(30)	-	-	-
Budget and Treasury Office	-	140	140	-	(140)	-	-	-
Corporate Services	430	686	1 126	-	(1 126)	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	200	(9)	197	-	(197)	-	-	-
Public Safety	375	400	775	-	(775)	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	12	12	-	(12)	-	-	-
Health	-	11	11	-	(11)	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>1 035</b>	<b>1 286</b>	<b>2 291</b>	<b>-</b>	<b>(2 291)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure</b>								
Executive and Council	-	-	-	7	7	#DIV/0!	#DIV/0!	122
Budget and Treasury Office	-	-	-	113	113	#DIV/0!	#DIV/0!	5 633
Corporate Services	-	-	-	973	973	#DIV/0!	#DIV/0!	600
Community and Social Services	-	-	-	25	25	#DIV/0!	#DIV/0!	24
Sport and Recreation	-	-	-	103	103	#DIV/0!	#DIV/0!	288
Public Safety	-	-	-	734	734	#DIV/0!	#DIV/0!	1 741
Planning and development	-	-	-	-	-	-	-	43
Health	-	-	-	82	82	#DIV/0!	#DIV/0!	89
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 017</b>	<b>2 017</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>8 720</b>
<b>Total Capital Expenditure - Vote</b>	<b>1 035</b>	<b>1 286</b>	<b>2 291</b>	<b>2 017</b>	<b>(273)</b>	<b>88%</b>	<b>185%</b>	<b>8 720</b>
<b>Capital Expenditure - Standard</b>								
Governance and administration	480	836	1 296	1 083	(202)	84.4%	237.6%	6 854
Executive and council	30	-	30	7	(23)	22.8%	22.8%	122
Budget and treasury office	-	140	140	113	(26)	81.1%	#DIV/0!	5 633
Corporate services	430	686	1 126	973	(153)	86.4%	228.3%	600
Community and public safety	575	406	883	824	(59)	94.0%	180.7%	2 122
Community and social services	-	-	-	25	25	#DIV/0!	#DIV/0!	24
Sport and recreation	200	(9)	197	103	(94)	62.1%	51.3%	288
Public safety	375	400	775	734	(41)	84.7%	195.7%	1 741
Housing	-	-	-	-	-	-	-	-
Health	-	11	11	82	51	583.3%	#DIV/0!	89
Economic and environmental services	-	12	12	-	(12)	-	-	43
Planning and development	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	12	12	-	(12)	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>1 035</b>	<b>1 286</b>	<b>2 291</b>	<b>2 017</b>	<b>(273)</b>	<b>88%</b>	<b>185%</b>	<b>8 720</b>
<b>Funded by:</b>								
National Government	-	-	-	544	544	#DIV/0!	#DIV/0!	143
Provincial Government	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	544	544	#DIV/0!	#DIV/0!	143
Transfers recognised - capital	-	-	-	28	28	#DIV/0!	#DIV/0!	-
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	1 035	1 286	2 291	1 444	(846)	63.1%	138.5%	8 577
<b>Total Capital Funding</b>	<b>1 035</b>	<b>1 286</b>	<b>2 291</b>	<b>2 017</b>	<b>(273)</b>	<b>88%</b>	<b>185%</b>	<b>8 720</b>



**APPENDIX C(5) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016  
CASH FLOWS**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (I.t.o. MFMA s26)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts								
Other receipts	155 590	26 402	181 992	190 563	8 572	104.7%	122.5%	154 848
Government - operating	186 119	300	186 419	169 773	(26 648)	85.7%	85.8%	167 811
Government - capital	-	-	-	544	544	#DIV/0!	#DIV/0!	143
Interest	6 906	716	6 621	11 809	5 278	179.7%	201.5%	8 153
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(279 659)	(27 870)	(307 529)	(312 169)	(4 640)	101.5%	111.6%	(281 483)
Finance charges	(664)	595	(69)	(200)	(131)	289.9%	30.0%	(1 189)
Transfers and Grants	(47 217)	(300)	(47 517)	-	47 517	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>20 676</b>	<b>(158)</b>	<b>19 917</b>	<b>50 411</b>	<b>30 494</b>	<b>253.1%</b>	<b>251.1%</b>	<b>48 083</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts								
Proceeds on disposal of PPE	-	-	-	1	60 988	-	-	50
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	26	26	(3 491)	(3 517)	-13428.7%	#DIV/0!	(5 986)
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	-	(1 256)	(1 256)	(1 988)	(733)	158.4%	#DIV/0!	(8 842)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-</b>	<b>(1 230)</b>	<b>(1 230)</b>	<b>(5 478)</b>	<b>(4 249)</b>	<b>445.6%</b>	<b>#DIV/0!</b>	<b>(14 780)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	(664)	-	(664)	(662)	(18)	102.7%	102.7%	(1 979)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(664)</b>	<b>-</b>	<b>(664)</b>	<b>(662)</b>	<b>(18)</b>	<b>102.7%</b>	<b>102.7%</b>	<b>(1 979)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>19 412</b>	<b>(1 388)</b>	<b>18 024</b>	<b>44 251</b>	<b>24 733</b>	<b>246.5%</b>	<b>236.5%</b>	<b>31 324</b>
Cash/cash equivalents at the year begin:	35 956	-	35 956	111 083	75 127	67.6%	236.5%	79 744
Cash/cash equivalents at the year end:	54 333	94 207	53 980	155 334	101 336	287.8%	285.9%	111 063

