



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2013 - 2014

MONTHLY FINANCIAL REPORT

31 MARCH 2014

Table of Contents

Glossary	3
Legislative Framework	5
PART 1 – IN YEAR REPORT	6
Section 1 – Resolutions	6
Section 2 – Executive summary	6
Section 3 – In-year budget statement tables	7
PART 2 SUPPORTING DOCUMENTATION	19
Section 4 – Debtor’s analysis	19
Section 5 – Creditors analysis	20
Section 6 – Investment portfolio analysis	21
Section 7 – Allocation and grant receipts and expenditure	22
Section 8 – Expenditure on councillor and staff related expenditure	24
Section 9 – Municipal Manager’s quality certification	25

Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget. In Eden District this means the different GFS classification the budget is divided.

Legislative Framework

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act – No. 56 of 2003

Section 71: Monthly budget statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

PART 1 – IN-YEAR REPORT

SECTION 1 – RESOLUTIONS

SECTION 71 Monthly budget statements

These are the resolutions being presented to Council in the Monthly report on the implementation of the budget and the financial state of affairs of the municipality as required in terms of section 71 of the Municipal Finance Management Act 56 of 2003

RECOMMENDATION:

That Council notes the monthly report and any other supporting documentation on the implementation of the budget and the financial affairs for the month ending 31 March 2014..

Section 2 – Executive Summary

2.1 Introduction

These figures are presented in terms of section 71 of the MFMA. The information is presented for month of 31 March 2014 year to date.

2.2 Consolidated performance

2.2.1 Against annual budget (original)

Revenue by source

Operating revenue for the period ending 31 March 2014 totals R169.7m or 97% of the Eden revenue budget. The municipality receives their final instalment of the equitable share grant during March, thus the reason for the high percentage for revenue received. Revenue information only presents the Eden revenue and excludes Roads agency function income.

Operating Expenditure by type

Operating expenditure totals R103.3 m of the Operational expenditure budget. This total excludes the Roads expenditure and most non- cash items is also not accounted for. These expenditures will be accounted for at the end of the financial year 30 June 2014.

Capital Expenditure

The Capital budget was adjusted to R6,935,000 in the Adjustment budget that was approved by council in January. The main capital project is the purchase of the land for the Regional Landfill site.

2.3 Material variances from SDBIP

Municipality accounted for SDBIP on a quarterly basis, the adjustments to the SDBIP recommended to council during the January budget process is implemented and operational.

2.4 Remedial or corrective steps

Remedial recommendations to the SDBIP were approved during the January council meeting. This is in the process of being implemented and reporting and monitoring of these adjustments is being done continuously.

2.6 Conclusion

Detailed analysis of the municipal performance for the year ending 31 March 2014 will be presented under the different sections of the report.

Section 3 – In-year budget statement tables

3.1 Monthly budget statements

3.1.1 Table C1: s71 Monthly Budget Statement Summary

DC4 Eden - Table C1 Monthly Budget Statement Summary - M09 March

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	3 433	2 051	2 601	277	3 230	1 538	1 692	110%	2 051
Transfers recognised - operational	128 949	133 413	141 097	39 001	141 097	100 060	41 037	41%	133 413
Other own revenue	150 843	40 939	138 679	3 075	25 377	30 704	(5 327)	-17%	40 939
Total Revenue (excluding capital transfers and contributions)	283 224	176 402	282 376	42 354	169 704	132 302	37 402	28%	176 402
Employee costs	91 463	91 952	143 624	6 753	64 859	68 964	(4 105)	-6%	91 952
Remuneration of Councillors	6 747	6 954	6 969	558	5 004	5 216	(211)	-4%	6 954
Depreciation & asset impairment	5 041	8 136	8 136	570	4 948	6 102	(1 154)	-19%	8 136
Finance charges	743	585	485	101	224	439	(215)	-49%	585
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	11 274	3 744	3 744	384	2 313	2 808	(495)	-	3 744
Other expenditure	152 843	63 677	110 504	3 551	25 968	47 758	(21 790)	-46%	63 677
Total Expenditure	268 110	175 048	273 462	11 918	103 316	131 286	(27 970)	-21%	175 048
Surplus/(Deficit)	15 114	1 354	8 914	30 436	66 388	1 016	65 373	6436%	1 354
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	15 114	1 354	8 914	30 436	66 388	1 016	65 373	6436%	1 354
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	15 114	1 354	8 914	30 436	66 388	1 016	65 373	6436%	1 354
Capital expenditure & funds sources									
Capital expenditure	935	8 875	6 935	8	144	5 014	(4 869)	-97%	8 875
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	935	8 875	6 935	8	144	5 201	(5 057)	-97%	8 875
Total sources of capital funds	935	8 875	6 935	8	144	5 201	(5 057)	-97%	8 875
Financial position									
Total current assets	55 001	53 866	-	-	-	-	-	-	53 866
Total non current assets	662 404	629 283	-	-	-	-	-	-	629 283
Total current liabilities	47 625	45 243	-	-	-	-	-	-	45 243
Total non current liabilities	94 626	89 124	-	-	-	-	-	-	89 124
Community wealth/Equity	17 075	16 018	-	-	-	-	-	-	16 018
Cash flows									
Net cash from (used) operating	(10 771)	17 893	-	30 436	66 388	13 420	52 969	395%	17 893
Net cash from (used) investing	(935)	(8 875)	-	(67 354)	(104 896)	(6 656)	(98 240)	1476%	(8 875)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(11 706)	34 911	-	-	11 613	32 657	(21 043)	-64%	59 139
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	489	597	557	11 832	-	-	-	-	13 475
Creditors Age Analysis									
Total Creditors	2 124	-	-	-	-	-	-	-	2 124

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M09 March

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
Governance and administration		277 393	171 640	169 497	41 734	164 906	128 730	36 176	28%	171 640
Executive and council		276 492	170 528	168 385	41 531	164 056	127 896	36 160	28%	170 528
Budget and treasury office		-	-	-	-	-	-	-		-
Corporate services		900	1 112	1 112	203	850	834	16	2%	1 112
Community and public safety		5 009	4 713	5 122	445	4 435	3 535	901	25%	4 713
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		4 878	4 553	4 962	428	4 293	3 415	878	26%	4 553
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		131	160	160	17	142	120	22	18%	160
Economic and environmental services		510	50	99 994	55	175	38	137	365%	50
Planning and development		21	-	-	-	4	-	4	#DIV/0!	-
Road transport		-	-	99 869	-	-	-	-		-
Environmental protection		488	50	125	55	171	38	133	355%	50
Trading services		312	-	80	120	188	-	188	#DIV/0!	-
Electricity		-	-	-	-	-	-	-		-
Water		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		312	-	80	120	188	-	188	#DIV/0!	-
Other	4	-	-	-	-	-	-	-		-
Total Revenue - Standard	2	283 223	176 403	274 692	42 354	169 704	132 302	37 402	28%	176 403
Expenditure - Standard										
Governance and administration		198 365	92 559	89 550	5 820	50 866	69 419	(18 553)	-27%	92 559
Executive and council		159 117	44 270	44 470	1 960	17 266	33 202	(15 936)	-48%	44 270
Budget and treasury office		16 412	20 012	17 928	1 800	15 716	15 009	707	5%	20 012
Corporate services		22 836	28 276	27 152	2 061	17 884	21 207	(3 323)	-16%	28 276
Community and public safety		57 155	60 970	61 774	4 636	40 343	45 727	(5 384)	-12%	60 970
Community and social services		3 378	2 940	2 312	179	1 700	2 205	(505)	-23%	2 940
Sport and recreation		7 414	8 008	8 305	696	5 433	6 006	(574)	-10%	8 008
Public safety		23 508	25 608	27 553	1 842	15 505	19 206	(3 701)	-19%	25 608
Housing		-	-	-	-	-	-	-		-
Health		22 855	24 414	23 604	1 919	17 706	18 310	(604)	-3%	24 414
Economic and environmental services		10 372	18 506	117 747	1 350	9 242	13 880	(4 638)	-33%	18 506
Planning and development		6 728	7 092	8 456	561	4 055	5 319	(1 264)	-24%	7 092
Road transport		-	1 152	101 020	-	-	864	(864)	-100%	1 152
Environmental protection		3 644	10 263	8 272	789	5 187	7 697	(2 510)	-33%	10 263
Trading services		2 219	3 013	4 391	112	2 864	2 259	605	27%	3 013
Electricity		-	-	-	-	-	-	-		-
Water		66	505	2 074	17	1 626	379	1 247	329%	505
Waste water management		4	458	11	-	-	344	(344)	-100%	458
Waste management		2 148	2 049	2 305	95	1 239	1 537	(298)	-19%	2 049
Other		-	-	-	-	-	-	-		-
Total Expenditure - Standard	3	268 110	175 047	273 462	11 918	103 316	131 286	(27 970)	-21%	175 047
Surplus/ (Deficit) for the year		15 113	1 355	1 230	30 436	66 388	1 017	65 372	6431%	1 355

3.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)

This table reflects the operating budget (Financial Performance) in the standard classifications which is the Government Finance Statistics Functions and Sub-function. These are used by National Treasury to assist in the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures being used by the different institutions.

The main functions are Governance and administration, Community and public safety, Economic and environmental services and Trading services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3

Operating Revenue:

Operating Revenue totals 97% of the Eden budget. The main income source of Eden is the equitable share RSC replacement allocation received from the National Treasury and the final instalment of these allocations was received during March. As this reporting cycle is the end of the 3rd quarter only 3 months is left to complete the financial year. The interest revenue received totals R3.2m ending 31 March. During the January adjustment budget Revenue income was estimated at R2.6m. Actual performance is this outperforming the projected budget, as the majority of the expenditure will be incurred in the last quarter of the financial year.

Operating Expenditure

Year to date performance totals 60% of operational budget. Most of these expenditures are spent on employee related costs and councillors related expenses. Currently these expenses total 62.7% of the operational expenditure to date. The municipality implemented accounting for non-cash items in February onward. Currently only depreciation is accounted for on a monthly basis. The other non-cash items are accounted for at the end of June 2014. These expenses include valuations, provisions etc.

DC4 Eden - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

Vote Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		276 492	170 528	168 385	41 531	164 056	127 896	36 160	28.3%	170 528
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-		-
Vote 3 - CORPORATE SERVICES		900	1 112	1 112	203	850	834	16	2.0%	1 112
Vote 4 - PLANNING AND DEVELOPMENT		21	-	-	-	4	-	4	#DIV/0!	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-		-
Vote 6 - HEALTH		131	160	160	17	142	120	22	18.4%	160
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-		-
Vote 8 - SPORT & RECREATION		4 878	4 553	4 962	428	4 293	3 415	878	25.7%	4 553
Vote 9 - HOUSING		-	-	-	-	-	-	-		-
Vote 10 - WASTE MANAGEMENT		312	-	80	120	188	-	188	#DIV/0!	-
Vote 11 - ROAD TRANSPORT		-	-	99 869	-	-	-	-		-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-		-
Vote 13 - WATER		-	-	-	-	-	-	-		-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-		-
Vote 15 - ENVIRONMENTAL MANAGEMENT		488	50	125	55	171	38	133	354.8%	50
Total Revenue by Vote	2	283 223	176 403	274 692	42 354	169 704	132 302	37 402	28.3%	176 403
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		159 117	44 270	44 470	1 960	17 266	33 202	(15 936)	-48.0%	44 270
Vote 2 - BUDGET AND TREASURY OFFICE		16 412	20 012	17 928	1 800	15 716	15 009	707	4.7%	20 012
Vote 3 - CORPORATE SERVICES		22 836	28 276	27 152	2 061	17 884	21 207	(3 323)	-15.7%	28 276
Vote 4 - PLANNING AND DEVELOPMENT		6 728	7 092	8 456	561	4 055	5 319	(1 264)	-23.8%	7 092
Vote 5 - PUBLIC SAFETY		23 508	25 608	27 553	1 842	15 505	19 206	(3 701)	-19.3%	25 608
Vote 6 - HEALTH		22 855	24 414	23 604	1 919	17 706	18 310	(604)	-3.3%	24 414
Vote 7 - COMMUNITY & SOCIAL SERVICES		3 378	2 940	2 312	179	1 700	2 205	(505)	-22.9%	2 940
Vote 8 - SPORT & RECREATION		7 414	8 008	8 305	696	5 433	6 006	(574)	-9.6%	8 008
Vote 9 - HOUSING		-	-	-	-	-	-	-		-
Vote 10 - WASTE MANAGEMENT		2 148	2 049	2 303	95	1 239	1 537	(298)	-19.4%	2 049
Vote 11 - ROAD TRANSPORT		-	1 152	101 023	-	-	864	(864)	-100.0%	1 152
Vote 12 - WASTE WATER MANAGEMENT		4	458	11	-	-	344	(344)	-100.0%	458
Vote 13 - WATER		66	505	2 074	17	1 626	379	1 247	329.2%	505
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-		-
Vote 15 - ENVIRONMENTAL MANAGEMENT		3 644	10 263	8 272	789	5 187	7 697	(2 510)	-32.6%	10 263
Total Expenditure by Vote	2	268 110	175 047	273 463	11 918	103 316	131 286	(27 970)	-21.3%	175 047
Surplus/ (Deficit) for the year	2	15 113	1 355	1 230	30 436	66 388	1 017	65 372	6431.0%	1 355

3.1.3 Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

Revenue and expenditure reflects the operating performance per municipal vote. This is in accordance with the Government Financial Statistics (GFS) classification of the National Treasury.

Eden reported most of its income under the Executive and Council function. This reflects the total income for the period ending 31 March of R164.0m.

Municipal expenditure is split into different functions.

Core functions are the following:

- Planning and Development
- Public safety
- Health services
- Waste Management
- Road Transport
- Waste Water Management
- Environmental Management

Support non-core functions

- Budget and Treasury office
- Corporate services

Non-core functions are the following:

- Community and social services

DC4 Eden - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates										
Property rates - penalties & collection charges										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Service charges - other										
Rental of facilities and equipment		1 775	1 889	1 248	68	1 133	1 417	(284)	-20%	1 889
Interest earned - external investments		3 433	2 051	2 601	277	3 230	1 538	1 692	110%	2 051
Interest earned - outstanding debtors										
Dividends received										
Fines										
Licences and permits										
Agency services		14 148	13 780	11 280	1 088	10 324	10 335	(10)	0%	13 780
Transfers recognised - operational		128 949	133 413	141 097	39 001	141 097	100 060	41 037	41%	133 413
Other revenue		134 786	17 270	126 152	1 919	13 919	12 953	967	7%	17 270
Gains on disposal of PPE		134	8 000				6 000	(6 000)	-100%	8 000
Total Revenue (excluding capital transfers and contributions)		283 224	176 402	282 376	42 354	169 704	132 302	37 402	28%	176 402
Expenditure By Type										
Employee related costs		91 463	91 952	143 624	6 753	64 859	68 964	(4 105)	-6%	91 952
Remuneration of councillors		6 747	6 954	6 969	558	5 004	5 216	(211)	-4%	6 954
Debt impairment		2 043	650	650			488	(488)	-100%	650
Depreciation & asset impairment		5 041	8 136	8 136	570	4 948	6 102	(1 154)	-19%	8 136
Finance charges		743	585	485	101	224	439	(215)	-49%	585
Bulk purchases										
Other materials										
Contracted services		6 385	11 330	11 436	1 125	6 624	8 498	(1 873)	-22%	11 330
Transfers and grants		11 274	3 744	3 744	384	2 313	2 808	(495)	-18%	3 744
Other expenditure		144 024	51 697	98 418	2 426	19 344	38 773	(19 429)	-50%	51 697
Loss on disposal of PPE		391								
Total Expenditure		268 110	175 048	273 462	11 918	103 316	131 286	(27 970)	-21%	175 048
Surplus/(Deficit)		15 114	1 354	8 914	30 436	66 388	1 016	65 373	0	1 354
Transfers recognised - capital										
Contributions recognised - capital										
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions		15 114	1 354	8 914	30 436	66 388	1 016			1 354
Taxation										
Surplus/(Deficit) after taxation		15 114	1 354	8 914	30 436	66 388	1 016			1 354
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		15 114	1 354	8 914	30 436	66 388	1 016			1 354
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		15 114	1 354	8 914	30 436	66 388	1 016			1 354

3.1.4 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

Revenue by Source

Revenue by sources explains the types of incomes budgeted for and the performance of their items individually.

Rental of facilities and equipment:

Rental of facilities and equipment for the period ending 31 March 2014 totals R1.1m. This is mostly income from the resorts. The municipality also rent out buildings and other vacant land to tenants and income received from these commodities are recorded under rentals.

Interest earned – External Investments:

Interest from investment income outperforms the budget due to the conservative adjustment process. Actual income totals R3.23m or 124% of the projections.

Transferred recognised – operational

The final instalment of the municipal equitable share RSC Replacement grant was received during March 2014. The actual income to date totals R129m. These funds are used to finance the operational activities of council and administration.

Other revenue / Sundry income

Included in this category is the revenue related to the Fire service agreements with the respective municipalities, as well as other Service Level Agreements (SLA's) and Memorandum of Understandings (MOU) implemented.

Gains on disposal of PPE (Sale of Land)

No income was recorded under the Gains on disposal of PPE. The municipality is in the process of investigating the sale of land. The established property task team is busy with the ongoing process.

Expenditure by Type

Expenditure by type reflects the operational budget per main type/category of expenditures

Employee Related cost / Remuneration of councillors

Totals employee related cost year to date ending 31 March equals R69.863m. During the adjustment budget process the municipality reviewed the budgeted vacancies and only the most critical and statutory required vacancies were budgeted for.

See more detail under section 8.

Debt Impairment / Depreciation and asset impairment

Depreciation is also accounted from February 2014, on a monthly basis. This is done in order to address the regular reflecting of expenditures.

Finance charges

Loan repayments are processed in March and September yearly. A separate report is tabled to council in terms of Section 46 of the MFMA. No new loans have been taken up for the 2013/2014 financial year. It is envisioned that no additional loans will be taken up for the coming financial year 2014/2015.

The outstanding loan balance at the end of March 2014 totals R1,602,402

Contracted services

Contracted services expenses report at 61% of the Total budget of R10,930,389. That accounts for a spending total of R6,624,217. As reported previously most of the expenses are recorded under Public safety and public safety is a core function of the municipality and is the contract workers employed to perform the fire service.

Other expenditure

Other expenditure reflects all other expenses not identified specifically. The spending on other expenditure is below par, this is due to the non-cash items that's only accounted for in June 2014 with the compilation of financial statements e.g. actuarial valuation of post retirement benefits, other provisions, etc.

3.1.5 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

DC4 Eden - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M09 March										
Vote Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		300	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		340	225	485	8	144	364	(219)	-60%	225
Vote 4 - PLANNING AND DEVELOPMENT		-	-	250	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	400	400	-	-	300	(300)	-100%	400
Vote 6 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		295	250	-	-	-	-	-	-	250
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	8 000	5 800	-	-	4 350	(4 350)	-100%	8 000
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	935	8 875	6 935	8	144	5 014	(4 869)	-97%	8 875

Variations explained in Supporting Table C5

The capital budget R6,935,000 majority is allocated for the purchase of the land for the Regional Landfill site. Council approved the purchase of the land, purchase agreements are in the process of being compiled and approved for the purchase of the land.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M09 March						
Description	Ref	2012/13	Budget Year 2013/14			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		27 145	25 788			25 788
Call investment deposits		30 000	30 000			30 000
Consumer debtors		(20 200)	(19 190)			(19 190)
Other debtors		12 352	11 734			11 734
Current portion of long-term receivables		2 298	2 298			2 298
Inventory		3 406	3 236			3 236
Total current assets		55 001	53 866	-	-	53 866
Non current assets						
Long-term receivables		35 111	33 355			33 355
Investments						
Investment property		354 027	336 326			336 326
Investments in Associate						
Property, plant and equipment		177 192	168 332			168 332
Agricultural						
Biological assets						
Intangible assets		3 358	3 190			3 190
Other non-current assets		92 716	88 080			88 080
Total non current assets		662 404	629 283	-	-	629 283
TOTAL ASSETS		717 405	683 149	-	-	683 149
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		537	510			510
Consumer deposits						
Trade and other payables		29 977	28 478			28 478
Provisions		17 111	16 255			16 255
Total current liabilities		47 625	45 243	-	-	45 243
Non current liabilities						
Borrowing		2 856	1 942			1 942
Provisions		91 770	87 182			87 182
Total non current liabilities		94 626	89 124	-	-	89 124
TOTAL LIABILITIES		142 251	134 367	-	-	134 367
NET ASSETS	2	575 154	548 782	-	-	548 782
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 640	1 355			1 355
Reserves		15 435	14 663			14 663
TOTAL COMMUNITY WEALTH/EQUITY	2	17 075	16 018	-	-	16 018

Table C6 reflects the effect of the combination of the capital and operating implementation of the budget on council's Financial Position. Currently the municipality is unable to report on these effects to date due to a number of reasons. The challenges with the financial system to report on Depreciation and Asset Impairment on a more regular basis and the integration of various components all contributes to this non-reporting. From February 2014 depreciation is reported monthly.

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M09 March										
Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		500	33 249		9 659	33 061	24 937	8 124	33%	33 249
Government - operating		1 500	133 413		32 417	133 413	100 060	33 353	33%	133 413
Government - capital								-		
Interest		2 350	2 051		277	3 230	1 538	1 692	110%	2 051
Dividends								-		
Payments										
Suppliers and employees		(9 479)	(146 091)		(11 399)	(98 857)	(109 568)	(10 711)	10%	(146 091)
Finance charges		(750)	(985)		(101)	(224)	(739)	(515)	70%	(985)
Transfers and Grants		(4 892)	(3 744)		(417)	(4 235)	(2 808)	1 427	-51%	(3 744)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(10 771)	17 893	-	30 436	66 388	13 420	52 969	395%	17 893
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			(8 000)				(6 000)	6 000	-100%	(8 000)
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments					(67 347)	(104 752)		(104 752)	#DIV/0!	
Payments										
Capital assets		(935)	(875)		(8)	(144)	(656)	(512)	78%	(875)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(935)	(8 875)	-	(67 354)	(104 896)	(6 656)	98 240	-1476%	(8 875)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(11 706)	9 018	-	(36 918)	(38 508)	6 764			9 018
Cash/cash equivalents at beginning:			25 893			50 121	25 893			50 121
Cash/cash equivalents at month/year end:		(11 706)	34 911	-		11 613	32 657			59 139

The municipality completed the project: Long term financial plan with the service provider INCA. This document will inform council regarding the cash flow requirements and needs of council in order to ensure a sustainable municipality. This report served at the financial services portfolio committee meeting held on 13 March 2014. The report will be discussed at the strategic session to be held on the 17th of April 2014 with Mayco and MANCOM.

With the problems experience with the bank reconciliation and the challenges between Abacus and Standard Bank the banking issues are mostly addressed and going forward reporting on the cash flow information will be improved.

More information regarding this is reported under section 6 below.

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Debtors' analysis

Supporting Table SC3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March

Description	NT Code	Aged Debtors			
		0-30 Days	31-60 Days	61-90 Days	91-120 Days
R thousands					
Debtors Age Analysis By Income Source					
Trade and Other Receivables from Exchange Transactions - Water	1200				
Trade and Other Receivables from Exchange Transactions - Electricity	1300				
Receivables from Non-exchange Transactions - Property Rates	1400				
Receivables from Exchange Transactions - Waste Water Management	1500				
Receivables from Exchange Transactions - Waste Management	1600				
Receivables from Exchange Transactions - Property Rental Debtors	1700	72	118	63	3 405
Interest on Arrear Debtor Accounts	1810				
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820				
Other	1900	417	479	493	8 428
Total By Income Source	2000	489	597	557	11 832
2012/13 - totals only					
Debtors Age Analysis By Customer Group					
Organs of State	2200				
Commercial	2300				
Households	2400	51	45	4	829
Other	2500	438	551	553	11 003
Total By Customer Group	2600	489	597	557	11 832

The finance department (income) commenced with the debtor management procedures in March 2014 to recover the outstanding balances. Legal department provided finance with the necessary template documentation to assist in the collection process. Abakus compiled the letters of demand for outstanding debt and these letters have been sent out to outstanding debtors.

Finance during the month of March sent outstanding debtor balance to all debtors on the municipal system. Various enquiries were received and a report will be submitted to council with the results and debts that need to be write off. Outstanding debtor balances at the end of March totals R13, 474,867

Section 5 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	NT Code	Budget Year 2013/14								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	1 035								1 035
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500	1 065								1 065
Loan repayments	0600									-
Trade Creditors	0700									-
Auditor General	0800	24								24
Other	0900									-
Total By Customer Type	1000	2 124	-	-	-	-	-	-	-	2 124

The Creditors analysis is the reflection of outstanding creditors not paid. Due to lack of an integrated financial System there is an element for adjustments to be in order to provide an accurate account of the state of council's affairs. This is being addressed and we hope to implement measures soon in future to ensure that reporting to council is improved.

Council adheres to the MFMA requirement of paying creditors within 30 days of invoice or statement date where applicable.

The finance department is dependant on the other departments to submit the supporting documentation timeously to ensure payment is within the prescribed 30 days.

Section 6 – Investment portfolio analysis

6.1 Investment monitoring information

	Balance as at 01 March 2014	Movements for the month		Balance as at 31 March 2014	Interest earned	Interest earned
		Investments matured	Investments made		Month	Year to date
Eden district municipality						
<i>Interest Received YTD</i>				-		1 387 977.78
<i>Standard Bank</i>	7 500 000.00	-7 500 000.00	10 000 000.00	-22 500 000.00	51 082.19	51 082.19
<i>FNB</i>	7 500 000.00	-7 500 000.00	10 000 000.00	-22 500 000.00	49 802.31	49 802.31
<i>ABSA</i>	7 500 000.00		10 000 000.00	-22 500 000.00		-
<i>Nedbank</i>	7 500 000.00	-7 500 000.00	10 000 000.00	-22 500 000.00	52 167.12	52 167.12
				-	-	-
BANK DEPOSITS	30 000 000.00	-22 500 000.00	40 000 000.00	-90 000 000.00	153 051.62	1 541 029.40

Administration invested access funds of R90m during the month of March 2014 on short-term investments with the 4 major banks.

The investment from Absa due in March was only received in April 2014. There was a dispute with Absa where they informed the municipality that the instruction for the investment was never received. After we proof that we informed them with the other banks simultaneously regarding the investment they indicated that the invested funds was invested in a call account at interest of 3.5% and not the quoted 5.5% received from them. Repayment of the investment was finally received on the 10th of April 2014 together with the interest up to that date of R43,150.68. Finance instructed the banks that we will require written confirmation in future to prevent this from occurring again.

As reported previously the finance department is outperforming in terms of their investment revenue component on cash balances, the main reason is the majority of expenditure is incurred in the last quarter of the financial year.

Improvements in the cash flow forecasting and model use to monitor cash flow needs to be investigated to further optimise the use of cash resources.

Section 7 – Allocation and grant receipts and expenditure

7.1 Supporting Table C6

DC4 Eden - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		128 919	132 809	139 393	39 001	139 393	93 477	43 223	46.2%	139 393
Local Government Equitable Share		125 669	129 669	129 669	32 417	129 669	86 446	43 223	50.0%	129 669
Finance Management		1 250	1 250	1 250		1 250	833			1 250
Municipal Systems Improvement		1 000	890	890		890	593			890
EPWP Incentive		1 000	1 000	1 000		1 000	667			1 000
Municipal Disaster Recovery Grant				6 584	6 584	6 584	4 938			6 584
	3							-		
Other transfers and grants [insert description]								-		
Provincial Government:		-	604	1 704	-	1 704	1 278	389	30.4%	1 704
Integrated Transport Planning - PT			604	604		604	453	151	33.3%	604
Nelson Mandela Memorial				150		150	113			150
WC FMG Assistance				550		550	413	138	33.3%	550
WC Support - Provincial Treasury	4			400		400	300	100	33.3%	400
Other transfers and grants [insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		-
								-		-
								-		-
								-		-
Total Operating Transfers and Grants	5	128 919	133 413	141 097	39 001	141 097	94 755	43 612	46.0%	141 097

The report reflects the allocation of grant received as legislated in the yearly Division of Revenue Act.

Currently the municipality received funds in terms of the following grants:

- RSC Replacement levy EQS (*Equitable Share*)
- Finance Management grant (*FMG*)
- Municipal Systems Improvement Grant (*MSIG*)
- Expanded Public Works Program (*EPWP*)
- Integration Transport Grant
- Nelson Mandela Memorial allocation
- Disaster Recovery grant – B municipalities
- WC Financial Management Grant assistance (*WCFMG*)

7.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		128 949	132 809	139 393	323	2 144	104 545	(102 401)	-97.9%	139 393
Local Government Equitable Share		125 699	129 669	129 669			97 252	(97 252)	-100.0%	129 669
Finance Management		1 250	1 250	1 250	144	1 214	938	277	29.5%	1 250
Municipal Systems Improvement		1 000	890	890	108	128	668	(540)	-80.8%	890
EPWP Incentive		1 000	1 000	1 000	71	802	750	52	6.9%	1 000
Municipal Disaster Recovery Grant				6 584			4 938	(4 938)	-100.0%	6 584
Other transfers and grants [insert description]							-	-		-
Provincial Government:		-	604	1 704	14	14	1 278	(1 264)	-98.9%	1 704
Intergated Transport Planning - PT			604	604			453	(453)	-100.0%	604
WC FMG Assistance			-	150	14	14	113	(99)	-87.8%	150
WC Support - Provincial Treasury			-	550			413	(413)	-100.0%	550
Other transfers and grants [insert description]			-	400			300	(300)	-100.0%	400
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		128 949	133 413	141 097	337	2 158	105 823	(103 665)	-98.0%	141 097

This report reflects the operational expenditure on these grants. The municipality also reports on these grants individually to National and Provincial Treasury.

Performance reporting needs to be implemented to ensure that council adheres to the Division of Revenue act provisions. Finance is in the process of enhancing the monthly Finance Management Report to enable this and include all DORA related grants with specific emphasis on the performance component to address this shortcoming.

Section 8 – Expenditure on councillor and board members allowances and employee benefits

Supporting Table C8

DC4 Eden - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March

Summary of Employee and Councillor remuneration	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 691	5 199	5 199	401	3 607	3 466	141	4%	5 199
Pension and UIF Contributions		116	107	107	10	89	71	17	24%	107
Medical Aid Contributions		30	107	107	15	111	71	39	55%	107
Motor Vehicle Allowance		526	1 223	1 223	110	1 008	815	193	24%	1 223
Cellphone Allowance		508	267	282	21	189	178	11	6%	267
Housing Allowances										
Other benefits and allowances			50	50			33	(33)	-100%	50
Sub Total - Councillors		6 871	6 953	6 969	558	5 004	4 635	369	8%	6 963
% increase	4		1,2%	1,4%						1,2%
Senior Managers of the Municipality										
Basic Salaries and Wages		2 275	3 266	3 266	248	2 246	2 177	68	3%	3 266
Pension and UIF Contributions		251	417	417	41	345	278	67	24%	417
Medical Aid Contributions			61	61	4	31	41	(10)	-25%	61
Overtime										
Performance Bonus			325	360		287	217	70	32%	325
Motor Vehicle Allowance		247	369	369	39	353	246	107	44%	369
Cellphone Allowance			12	12	1	9	8	1	13%	12
Housing Allowances		84	84	84	7	63	56	7	13%	84
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		2 857	4 534	4 569	340	3 333	3 023	311	10%	4 534
% increase	4		58,7%	59,9%						58,7%
Other Municipal Staff										
Basic Salaries and Wages		56 228	55 250	51 359	4 205	38 193	36 833	1 360	4%	55 250
Pension and UIF Contributions		10 819	11 424	11 554	854	7 764	7 616	148	2%	11 424
Medical Aid Contributions		6 861	8 150	8 786	611	5 229	5 433	(205)	-4%	8 150
Overtime		1 299	1 027	1 080	31	598	685	(87)	-13%	1 027
Performance Bonus		181	35				23	(23)	-100%	35
Motor Vehicle Allowance		7 063	5 863	6 624	597	5 197	3 909	1 289	33%	5 863
Cellphone Allowance		155	119	133			79	(79)	-100%	119
Housing Allowances		617	516	411	39	332	344	(12)	-3%	516
Other benefits and allowances		715	692	2 167	40	429	461	(33)	-7%	692
Payments in lieu of leave		4 071	4 342	3 712	37	3 782	2 895	888	31%	4 342
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Municipal Staff		88 009	87 418	85 827	6 414	61 525	58 279	3 246	6%	87 418
% increase	4		-0,7%	-2,5%						-0,7%
Total Parent Municipality		97 737	98 905	97 365	7 312	69 863	65 937	3 926	6%	98 905

The municipality adjusted the Salary budget from R87m to R85m with the adjustment budget process. This is mainly due to the non-filling of vacancies budgeted during the Original budget cycle and the adjustment of these budgeted vacancies for the Adjustment budget process.

Salary related expenditure accounts for 62.8% of the total expenses for the year to date March 2014.

Section 9 – Municipal manager’s quality certification

NAVRAE ENQUIRIES: S Stanley
KONTAKNR CONTACT NO: 044 803 1343
VERW. REF.: 6/18/7/2013-2014
KANTOOR OFFICES: George
DATUM DATE: 10 April 2014



QUALITY CERTIFICATE

I, ...G W LOUW the accounting officer / chief financial officer of **EDEN DISTRICT MUNICIPALITY DC4** (name of municipality), hereby certify that –

(mark as appropriate)

- The monthly budget statement**
- Quarterly report on the implementation of the budget and financial state affairs of the municipality
- Mid- year budget and performance assessment

For the month of **MARCH** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name GW Louw

Accounting Officer / Chief Financial Officer of **EDEN DISTRICT MUNICIPALITY DC4**
(name and demarcation of municipality)

Signature [Handwritten Signature]

Date 11/04/14