

**REPORT: FINANCIAL MANAGEMENT REPORT (FMR) / *FINANSIELE
BESTUURS VERSLAG (FBR) ()***

(6/18/7)

12 August 2013

REPORT FROM THE ACCOUNTING OFFICER (GW LOUW)

PURPOSE OF THE REPORT

The Purpose of the document is to present the FINANCIAL MANGEMENT REPORT (FMR) to council as required in terms of the MFMA to the municipal council.

BACKGROUND

The accounting officer of the municipality must in terms of the Municipal Finance Management Act section 71 table a monthly report to the municipal council in a prescribe format on the financial state of affairs for the period under review.

This budget statement must reflect the actual expenditure for the month and the year to date under review.

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

Municipal Finance Management Act, No 56 of 2003, section 71

UITVOERENDE OPSOMMING

Volgens die MFMA artikel 71 is die rekenpligtige beampte van die munisipaliteit verantwoordelik om maandeliks begrotings state aan die burgemeester, die munisipale raad en die plaaslike provinsiale tesourie voor te lê. Die doel van die verslag is om die munisipale raad in te lig oor die stand van die finansiële posisie van die munisipaliteit.

RECOMMENDATION

That the contents of the Financial Management Report submitted for the month ending 31 July 2013 be noted.

AANBEVELING

Dat kennis geneem word van die inhoud van die Finansiële Bestuursverslag wat ingedien was vir die maand geëindig 31 Julie 2013.

ISINDULULO

APPENDIX

Summary of 2013/2014 budget progress/implementation

The following table summarizes the overall position on the capital and operating budgets.

	Capital Expenditure	Operating Expenditure	Operating Revenue
Budget	8 875 000.00	175 047 426.00	176 402 779.00
Year to Date (YTD)	0.00	8 328 257.29	58 240 893.38
% of Annual Budget	0.0%	4.7%	33.0%

Capital Expenditure under-spending

- SCM Processes must be followed for the procurement of capital items and therefore spending will only commence later in the year.

CFO Conclusion

- Every staff member and councilor must ensure that expenditure is curbed and non priority spending is eliminated. It is imperative that our limited resources be utilized optimally.

SUMMARY INCOME & EXPENDITURE 2013/2014 EXCLUDING ROADS AGENCY

DESCRIPTION	ORIGINAL BUDGET	M01 JULY 2013	YTD - July 2013	%
OPERATING INCOME				
EQS - RSC Levies grant	-129 669 000.00	-54 029 000	-54 029 000.00	42%
Rental of Facilities and Equipment	-1 889 190.00	-324 867.37	-324 867.37	17%
Interest earned external investments	-2 050 635.00	-159 185.62	-3 706 891.15	8%
Government Grant and subsidies	-9 790 095.00	-1 382 272.21	-7 078 450.37	14%
Actuarial gains		-	-169 730.00	
Income Agency services	-13 779 578.00	-1 789 473.67	-1 789 473.67	13%
Contributions municipalities	-1 618 487.00	-0.00	-0.00	0%
Contributions municipalities & products	-79 125.00	-2 000.00	-2 000.00	3%
Surplus Cash		-	-80.00	
Sundry income	-7 784 168.00	-554 094.51	-12 280 345.90	7%
Public contribution and donated PPE	-1 742 500.00	-0.00	-0.00	0%
TOTAL	-176 402 778.00	-58 240 893.38	-58 240 893.38	33%
DESCRIPTION	ORIGINAL BUDGET	M01 JULY 2013	YTD – July 2013	%
OPERATING EXPENDITURES				
Salaries	9 195 1709.00	6 663 318.10	6 663 318.10	7%
Councillor Remuneration	6 953 825.00	537 373.01	537 373.01	8%
Bad Debts	650 000.00	-	-	2%
Depreciation	8 135 840.00	-	-	0%
Repairs and maintenance	4 940 900.00	21 666.07	21 666.07	0.4%
Interest	584 840.00	-	-	0%
Contracted services	11 330 390.00	498 062.51	498 062.51	4%
Grant projects	4 379 000.00	102 202.96	102 202.96	2%
Own fund projects	2 328 500.00	33 475.03	33 475.03	1%
General expenses	27 759 967.00	472 159.61	472 159.61	2%
Contribution	16 032 458.00	-	-	0%
TOTAL	175 047 429.00	8 328 257.29	8 328 257.29	5%

Revenue by source

- Equitable share was paid in July 2013 - was paid in advance. Expenditure must still be incurred.

Expenditure by type

- Spending for 13/14 could only commence from the 8th of July, as the first week in July the system was closed due to the financial year end procedures that had to be performed on the financial system.

- SCM processes need to be followed with regards to procurement and goods, it is envisioned that spending will commence once SCM processes have been concluded.

ROADS AGENCY FUNCTION – FINANCIAL INFORMATION

Herewith a summary of expenditure in respect of the **2013/2014** Maintenance, Re-gravel, Reseal and Flood Damage budget.

A) **Actual Income**

Advances Received	Actual income to date	Cumulative for the year
For April and May received on 21 May 2013	R16,644,551	R16,644,551
For June and July received on 13 June 2013	R16,388,709	R33,033,260
TOTAL RECEIVED FOR THE 2013/2014 FINANCIAL YEAR		R33,033,260

B) **Actual expenditure for JULY 2013**

	Actual expenditure for JULY	<u>Cumulative for the year</u>
Maintenance	R3,830,193	R17,502,728
Maintenance Noll	R 258,252	R 1,772,997
Re-gravel	R1,895,079	R 8,612,116
Reseal	R 612,042	R 612,042
Total Expenditure	R6,595,566	R28,499,883

Reasons for variance

- The agency's financial year is from 1 March 2013 - 28 February 2014. Therefore the cumulative is R28,499 million at the end of July.
-
- Monthly reports are submitted to the Department regarding spending on agency function.
-
- Monies are paid in advance every second month to cover the expenditure for the current and following month.
- Spending in line with estimate projections.

Operational Expenditure and Income per STANDARD CLASSIFICATION

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M01 July										
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		170,326	171,640	-	57,921	57,921	14,303	43,618	305%	171,640
Executive and council		168,962	170,528	-	57,921	57,921	14,211	43,711	308%	170,528
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		1,364	1,112	-	-	-	93	(93)	-100%	1,112
Community and public safety		3,143	4,713	-	317	317	393	(75)	-19%	4,713
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		4,985	4,553	-	305	305	379	(75)	-20%	4,553
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		160	160	-	13	13	13	(0)	-4%	160
Economic and environmental services		475	50	-	2	2	4	(2)	-52%	50
Planning and development		-	-	-	2	2	-	2	#DIV/0!	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		475	50	-	-	-	4	(4)	-100%	50
Trading services		327	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		327	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	176,273	176,403	-	58,241	58,241	14,700	43,541	296%	176,403
Expenditure - Standard										
Governance and administration		83,011	92,559	-	3,715	3,715	7,713	(3,998)	-52%	92,559
Executive and council		35,819	44,270	-	1,075	1,075	3,689	(2,614)	-71%	44,270
Budget and treasury office		21,007	20,012	-	1,094	1,094	1,668	(574)	-34%	20,012
Corporate services		26,185	28,276	-	1,547	1,547	2,356	(809)	-34%	28,276
Community and public safety		61,673	60,970	-	3,731	3,731	3,081	(1,330)	-26%	60,970
Community and social services		3,546	2,940	-	196	196	245	(49)	-20%	2,940
Sport and recreation		7,089	8,008	-	402	402	667	(266)	-40%	8,008
Public safety		27,956	25,608	-	1,350	1,350	2,134	(784)	-37%	25,608
Housing		-	-	-	-	-	-	-	-	-
Health		23,084	24,414	-	1,803	1,803	2,034	(231)	-11%	24,414
Economic and environmental services		24,963	18,506	-	730	730	1,542	(792)	-51%	18,506
Planning and development		7,853	7,092	-	376	376	591	(215)	-36%	7,092
Road transport		592	1,152	-	-	-	96	(96)	-100%	1,152
Environmental protection		16,518	10,263	-	374	374	855	(481)	-56%	10,263
Trading services		3,668	3,013	-	112	112	231	(139)	-55%	3,013
Electricity		-	-	-	-	-	-	-	-	-
Water		2,600	505	-	17	17	42	(25)	-60%	505
Waste water management		63	458	-	-	-	38	(38)	-100%	458
Waste management		3,026	2,049	-	95	95	171	(76)	-44%	2,049
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	173,337	173,047	-	8,326	8,326	14,567	(6,259)	-43%	173,047
Surplus/ (Deficit) for the year		936	1,355	-	49,913	49,913	113	49,800	44089%	1,355

Financial Performance (revenue and expenditure by municipal vote)

DC4 Eden - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July										
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		168,962	170,528	-	57,921	57,921	14,211	43,711	307.6%	170,528
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		1,364	1,112	-	-	-	93	(93)	-100.0%	1,112
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	2	2	-	2	#DIV/0!	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 6 - HEALTH		160	160	-	13	13	13	(0)	-3.5%	160
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		4,985	4,553	-	305	305	379	(75)	-19.7%	4,553
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		327	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		475	50	-	-	-	4	(4)	-100.0%	50
Total Revenue by Vote	2	176,273	176,403	-	58,241	58,241	14,700	43,541	296.2%	176,403
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		35,819	44,270	-	1,075	1,075	3,689	(2,614)	-70.9%	44,270
Vote 2 - BUDGET AND TREASURY OFFICE		21,007	20,012	-	1,094	1,094	1,668	(574)	-34.4%	20,012
Vote 3 - CORPORATE SERVICES		26,185	28,276	-	1,547	1,547	2,356	(809)	-34.3%	28,276
Vote 4 - PLANNING AND DEVELOPMENT		7,853	7,092	-	376	376	591	(215)	-36.3%	7,092
Vote 5 - PUBLIC SAFETY		27,956	25,608	-	1,350	1,350	2,134	(784)	-36.7%	25,608
Vote 6 - HEALTH		23,084	24,414	-	1,803	1,803	2,034	(231)	-11.4%	24,414
Vote 7 - COMMUNITY & SOCIAL SERVICES		3,546	2,940	-	196	196	245	(49)	-20.0%	2,940
Vote 8 - SPORT & RECREATION		7,089	8,008	-	402	402	667	(266)	-39.8%	8,008
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		3,026	2,049	-	95	95	171	(76)	-44.3%	2,049
Vote 11 - ROAD TRANSPORT		592	1,152	-	-	-	96	(96)	-100.0%	1,152
Vote 12 - WASTE WATER MANAGEMENT		63	458	-	-	-	38	(38)	-100.0%	458
Vote 13 - WATER		2,600	505	-	17	17	42	(25)	-60.3%	505
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		16,518	10,263	-	374	374	855	(481)	-56.3%	10,263
Total Expenditure by Vote	2	171,337	175,047	-	8,326	8,326	14,567	(6,219)	-42.9%	175,047
Surplus/ (Deficit) for the year	2	936	1,355	-	49,913	49,913	113	49,800	44091.5%	1,355
Vote 6 - HEALTH		23,084	24,414	-	1,803	1,803	2,034	(231)	-11.4%	24,414
Vote 7 - COMMUNITY & SOCIAL SERVICES		3,546	2,940	-	196	196	245	(49)	-20.0%	2,940
Vote 8 - SPORT & RECREATION		7,089	8,008	-	402	402	667	(266)	-39.8%	8,008
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		3,026	2,049	-	95	95	171	(76)	-44.3%	2,049
Vote 11 - ROAD TRANSPORT		592	1,152	-	-	-	96	(96)	-100.0%	1,152
Vote 12 - WASTE WATER MANAGEMENT		63	458	-	-	-	38	(38)	-100.0%	458
Vote 13 - WATER		2,600	505	-	17	17	42	(25)	-60.3%	505
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		16,518	10,263	-	374	374	855	(481)	-56.3%	10,263
Total Expenditure by Vote	2	171,337	175,047	-	8,326	8,326	14,567	(6,219)	-42.9%	175,047
Surplus/ (Deficit) for the year	2	936	1,355	-	49,913	49,913	113	49,800	44091.5%	1,355

Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M01 July

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		2,803	2,803	2,771	32	1%	33,249
Government - operating		1,500	133,413		55,279	55,279	11,118	44,161	397%	133,413
Government - capital								-		
Interest		2,350	2,051		159	159	171	(12)	-7%	2,051
Dividends								-		
Payments										
Suppliers and employees		(9,479)	(146,091)		(8,226)	(8,226)	(12,174)	(3,948)	32%	(146,091)
Finance charges		(750)	(985)				(82)	(82)	100%	(985)
Transfers and Grants		(4,892)	(3,744)		(102)	(102)	(312)	(210)	67%	(3,744)
NET CASH FROM(USED) OPERATING ACTIVITIES		(10,771)	17,893	-	49,913	49,913	1,491	48,422	3247%	17,893
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			8,000				667	(667)	-100%	8,000
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments					(90,000)	(88,169)		(88,169)	#DIV/0!	
Payments										
Capital assets		(935)	875				73	73	100%	875
NET CASH FROM(USED) INVESTING ACTIVITIES		(935)	8,875	-	(90,000)	(88,169)	740	68,909	12021%	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)	26,768	-	(40,087)	(38,256)	2,231			26,768
Cash/cash equivalents at beginning:			25,893			52,943	25,893			52,943
Cash/cash equivalents at month/year end:		(11,706)	52,661	-		14,687	28,124			79,711

Cashflow information

- Included in the cash balance are unspent grant funding, equitable share received in advance, short term portion of long term debt repayable within the next 12 months, etc.
- Once the financial statements have been finalized for 2012/2013 a recalculation on the cash balance will be performed.

Age Analysis - Debtors

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July														
Description	NT Code	Budget Year 2013/14									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo Council Policy	
		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				
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	360	117	56	2,918						3,451	2,918		
Interest on Arrear Debtor Accounts	1810										-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820										-	-		
Other	1900	404	352	123	5,409						6,288	5,409		
Total By Income Source	2000	764	470	179	8,327	-	-	-	-	-	9,740	8,327	-	-
2012/13 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200										-	-		
Commercial	2300	0	0	0	92						92	92		
Households	2400	18	179	54	449						699	449		
Other	2500	747	291	125	7,786						8,948	7,786		
Total By Customer Group	2600	764	470	179	8,327	-	-	-	-	-	9,740	8,327	-	-

Debtors

- In September debt collection procedures will commence and thereafter cost versus benefit analysis will be performed to determine if arrear amounts should be handed over for collection or will the cost outweigh the outstanding balance.
- Report will be submitted during the year regarding the outstanding debtors & collection thereof.

Age Analysis - Creditors

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July												
Description	NT Code	Budget Year 2013/14									Total	Prior year totals for chart (same period)
		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	1,104									1,104	
VAT (output less input)	0400										-	
Pensions / Retirement deductions	0500	1,085									1,085	
Loan repayments	0600										-	
Trade Creditors	0700										-	
Auditor General	0800	(2)									(2)	
Other	0900										-	
Total By Customer Type	1000	2,186	-	-	-	-	-	-	-	-	2,186	-

Creditors

- Creditors are paid within timeframes of MFMA, if departments submit documentation by the due date to the creditors department.

Councillor and staff benefits

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - councillor and staff benefits - M01 July

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		399	399	433	(34)	-8%	5,199
Pension and UIF Contributions		116	107		10	10	9	1	11%	107
Medical Aid Contributions		30	107		9	9	9	(0)	-4%	107
Motor Vehicle Allowance		526	1,223		98	98	102	(4)	-3%	1,223
Cellphone Allowance		508	267		21	21	22	(1)	-5%	267
Housing Allowances										
Other benefits and allowances			50				4	(4)	-100%	50
Sub Total - Councillors		6,671	6,993	-	537	537	579	(42)	-7%	6,993
% increase	4		1.2%							1.2%
Senior Managers of the Municipality										
Basic Salaries and Wages		2,275	3,266		198	198	272	(74)	-27%	3,266
Pension and UIF Contributions		251	417		30	30	35	(5)	-13%	417
Medical Aid Contributions			61		1	1	5	(4)	-77%	61
Overtime										
Performance Bonus			325				27	(27)	-100%	325
Motor Vehicle Allowance		247	369		28	28	31	(2)	-8%	369
Cellphone Allowance			12		1	1	1			12
Housing Allowances		84	84		7	7	7			84
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		2,677	4,534	-	266	266	376	(112)	-30%	4,534
% increase	4		68.7%							68.7%
Other Municipal Staff										
Basic Salaries and Wages		56,228	55,250		4,435	4,435	4,604	(170)	-4%	55,250
Pension and UIF Contributions		10,819	11,424		884	884	952	(68)	-7%	11,424
Medical Aid Contributions		6,861	8,150		371	371	679	(308)	-45%	8,150
Overtime		1,299	1,027		47	47	86	(39)	-46%	1,027
Performance Bonus		181	35				3	(3)	-100%	35
Motor Vehicle Allowance		7,063	5,863		568	568	489	79	16%	5,863
Cellphone Allowance		155	119				10	(10)	-100%	119
Housing Allowances		617	516		38	38	43	(5)	-12%	516
Other benefits and allowances		715	692		20	20	58	(38)	-65%	692
Payments in lieu of leave		4,071	4,342		36	36	362	(326)	-90%	4,342
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Municipal Staff		68,009	67,416	-	6,396	6,396	7,265	(667)	-12%	67,416
% increase	4		-0.7%							-0.7%
Total Parent Municipality		97,737	96,905	-	7,201	7,201	8,242	(1,041)	-13%	96,905

Employee Related Cost

- The 6.84% salary increase was implemented in July for employees.
- Spending on employee related costs in line with projections