



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2013 - 2014

MONTHLY FINANCIAL REPORT

30 APRIL 2014

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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 30 April 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 30 April 2014 year to date.

2.2 Consolidated performance

2.2.1 Against annual budget (original)

Revenue by source

Operating revenue performance for the period ending 30 April totals R172, 234,519 or 98% of the Adjustment budgeted figures. Please note that the reason for the high percentage is:

1. Council received additional funds that were not processed in an Adjustment budget to date.
2. The equitable share RSC replacement grant was received in advance for the last quarter

Operating Expenditure by type

Operational performance is based on the Adjustment budget of January 2014. The total is 70% or R121, 506,132 for the period ending 30 April 2014. Same principle applied as per revenue above where total Budget is based on the Adjustment budget information for the January budget. Further explanations provided below.

Capital Expenditure

The capital budget is still reflecting low expenditure spendings due to the fact that the project: Regional Landfill Site is not yet finalised and administrative processes are still on-going. No expenditure against this project year to date could be reported. Capital expenditure reflects a low 2.46% performance. The majority of the capital budget is allocated for the purchase of the regional landfill site of +/- R5.8 million.

2.3 Material variances from SDBIP

The municipality adjusted its SDBIP during the January budget process. These adjustments has been finalised on the IGNITE system and reporting thereof is currently underway.

2.4 Remedial or corrective steps

No remedial or corrective steps implement to correct any material variances and differences.

2.6 Conclusion

Detailed analysis of the municipal performance for the year ending 30 April 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 - M10 April

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	494	3 724	2 167	1 557	72%	2 601
Transfers recognised - operational	128 949	133 413	141 097	-	141 097	117 581	23 516	20%	141 097
Other own revenue	150 843	40 939	130 995	2 037	27 413	109 162	(81 749)	-75%	130 995
Total Revenue (excluding capital transfers and contributions)	283 224	176 402	274 692	2 530	172 235	228 910	(56 676)	-25%	274 692
Employee costs	91 463	91 952	143 624	6 828	71 687	119 687	(48 000)	-40%	143 624
Remuneration of Councillors	6 747	6 954	6 969	548	5 552	5 807	(255)	-4%	6 969
Depreciation & asset impairment	5 041	8 136	8 136	632	5 580	6 780	(1 200)	-18%	8 136
Finance charges	743	585	485	-	224	404	(180)	-45%	485
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	11 274	3 744	3 744	6 621	8 934	3 120	5 814	-	3 744
Other expenditure	152 843	63 677	110 504	3 559	29 527	92 087	(62 560)	-68%	110 504
Total Expenditure	268 110	175 048	273 462	18 189	121 505	227 885	(106 380)	-47%	273 462
Surplus/(Deficit)	15 114	1 354	1 230	(15 659)	50 730	1 025	49 704	4848%	1 230
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	15 114	1 354	1 230	(15 659)	50 730	1 025	49 704	4848%	1 230
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	15 114	1 354	1 230	(15 659)	50 730	1 025	49 704	4848%	1 230
Capital expenditure & funds sources									
Capital expenditure	935	8 875	6 935	27	171	5 571	(5 400)	-97%	6 935
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	935	8 875	6 935	27	171	5 201	(5 030)	-97%	8 875
Total sources of capital funds	935	8 875	6 935	27	171	5 201	(5 030)	-97%	8 875
Financial position									
Total current assets	55 001	53 866	53 866	-	-	-	-	-	53 866
Total non current assets	662 404	629 283	629 283	-	-	-	-	-	629 283
Total current liabilities	47 625	45 243	45 243	-	-	-	-	-	45 243
Total non current liabilities	94 626	89 124	89 124	-	-	-	-	-	89 124
Community wealth/Equity	17 075	16 018	16 018	-	-	-	-	-	16 018
Cash flows									
Net cash from (used) operating	(10 771)	17 893	-	(15 660)	50 728	13 420	37 309	278%	17 893
Net cash from (used) investing	(935)	(8 875)	-	(27 373)	(56 635)	(6 656)	(49 979)	751%	(8 875)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(11 706)	34 911	-	-	5 706	32 657	(26 950)	-83%	20 631
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	538	421	524	10 535	-	-	-	-	12 017
Creditors Age Analysis									
Total Creditors	12 186	-	-	-	-	-	-	-	12 186

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M10 April

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	2 136	167 042	143 033	24 009	17%	169 497
Executive and council		276 492	170 528	168 385	2 005	166 061	142 107	23 954	17%	168 385
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		900	1 112	1 112	131	981	926	55	6%	1 112
Community and public safety		5 009	4 713	5 122	402	4 837	3 927	910	23%	5 122
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		4 878	4 553	4 962	389	4 682	3 794	888	23%	4 962
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		131	160	160	13	155	133	22	16%	160
Economic and environmental services		510	50	99 994	(7)	167	42	125	301%	99 994
Planning and development		21	-	-	-	4	-	4	#DIV/0!	-
Road transport		-	-	99 869	-	-	-	-	-	99 869
Environmental protection		488	50	125	(7)	163	42	121	291%	125
Trading services		312	-	80	-	188	-	188	#DIV/0!	80
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		312	-	80	-	188	-	188	#DIV/0!	80
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	283 223	176 403	274 692	2 530	172 235	147 002	25 232	17%	274 692
Expenditure - Standard										
Governance and administration		198 365	92 559	89 550	13 258	64 124	77 132	(13 008)	-17%	89 550
Executive and council		159 117	44 270	44 470	9 073	26 339	36 892	(10 552)	-29%	44 470
Budget and treasury office		16 412	20 012	17 928	1 445	17 160	16 677	483	3%	17 928
Corporate services		22 836	28 276	27 152	2 741	20 625	23 564	(2 939)	-12%	27 152
Community and public safety		57 155	60 970	61 774	4 103	44 447	50 808	(6 362)	-13%	61 774
Community and social services		3 378	2 940	2 312	180	1 880	2 450	(570)	-23%	2 312
Sport and recreation		7 414	8 008	8 305	495	5 928	6 674	(746)	-11%	8 305
Public safety		23 508	25 608	27 553	1 560	17 065	21 340	(4 276)	-20%	27 553
Housing		-	-	-	-	-	-	-	-	-
Health		22 855	24 414	23 604	1 868	19 575	20 345	(770)	-4%	23 604
Economic and environmental services		10 372	18 506	117 747	704	9 946	15 422	(5 476)	-36%	117 747
Planning and development		6 728	7 092	8 456	488	4 543	5 910	(1 367)	-23%	8 456
Road transport		-	1 152	101 020	-	-	960	(960)	-100%	101 020
Environmental protection		3 644	10 263	8 272	215	5 403	8 553	(3 150)	-37%	8 272
Trading services		2 219	3 013	4 391	126	2 990	2 510	480	19%	4 391
Electricity		-	-	-	-	-	-	-	-	-
Water		66	505	2 074	16	1 641	421	1 221	290%	2 074
Waste water management		4	458	11	-	-	382	(382)	-100%	11
Waste management		2 148	2 049	2 305	110	1 349	1 708	(359)	-21%	2 305
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	268 110	175 047	273 462	18 190	121 506	145 873	(24 367)	-17%	273 462
Surplus/ (Deficit) for the year		15 113	1 355	1 230	(15 660)	50 728	1 130	49 599	4391%	1 230

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:

As reported earlier operating revenue reflects a 98% collection ratio based on the actuals and the Adjustment budget information. The major source is the RSC replacement grant which was 100% received for the financial year 2014/2015.

The interest received was higher than budgeted as surplus funds were available to invest.

Operating Expenditure

Operating expenditure performance totals 70% of the Adjustment budget for the period ending 30 April 2014. A total of 64% of these expenditure is attributed to Employee related cost and councillor remuneration.

Depreciation is accounted for on a monthly basis from February 2014. Other non cash items e.g. provisions, valuations, etc is accounted for at year end (30 June 2014)

DC4 Eden - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M10 April

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	2 005	166 061	142 107	23 954	16.9%	168 385
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		900	1 112	1 112	131	981	926	55	5.9%	1 112
Vote 4 - PLANNING AND DEVELOPMENT		21	-	-	-	4	-	4	#DIV/0!	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 6 - HEALTH		131	160	160	13	155	133	22	16.5%	160
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		4 878	4 553	4 962	389	4 682	3 794	888	23.4%	4 962
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		312	-	80	-	188	-	188	#DIV/0!	80
Vote 11 - ROAD TRANSPORT		-	-	99 869	-	-	-	-	-	99 869
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		488	50	125	(7)	163	42	121	291.5%	125
Total Revenue by Vote	2	283 223	176 403	274 692	2 530	172 235	147 002	25 232	17.2%	274 692
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		159 117	44 270	44 470	9 073	26 339	36 892	(10 552)	-28.6%	44 470
Vote 2 - BUDGET AND TREASURY OFFICE		16 412	20 012	17 928	1 445	17 160	16 677	483	2.9%	17 928
Vote 3 - CORPORATE SERVICES		22 836	28 276	27 152	2 741	20 625	23 564	(2 939)	-12.5%	27 152
Vote 4 - PLANNING AND DEVELOPMENT		6 728	7 092	8 456	488	4 543	5 910	(1 367)	-23.1%	8 456
Vote 5 - PUBLIC SAFETY		23 508	25 608	27 553	1 560	17 065	21 340	(4 276)	-20.0%	27 553
Vote 6 - HEALTH		22 855	24 414	23 604	1 868	19 575	20 345	(770)	-3.8%	23 604
Vote 7 - COMMUNITY & SOCIAL SERVICES		3 378	2 940	2 312	180	1 880	2 450	(570)	-23.3%	2 312
Vote 8 - SPORT & RECREATION		7 414	8 008	8 305	495	5 928	6 674	(746)	-11.2%	8 305
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		2 148	2 049	2 303	110	1 349	1 708	(359)	-21.0%	2 303
Vote 11 - ROAD TRANSPORT		-	1 152	101 023	-	-	960	(960)	-100.0%	101 023
Vote 12 - WASTE WATER MANAGEMENT		4	458	11	-	-	382	(382)	-100.0%	11
Vote 13 - WATER		66	505	2 074	16	1 641	421	1 221	290.0%	2 074
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		3 644	10 263	8 272	215	5 403	8 553	(3 150)	-36.8%	8 272
Total Expenditure by Vote	2	268 110	175 047	273 463	18 190	121 506	145 873	(24 367)	-16.7%	273 463
Surplus/ (Deficit) for the year	2	15 113	1 355	1 230	(15 660)	50 728	1 129	49 599	4391.4%	1 230

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 30 April of R172.2m.

The municipality is in the process of discussing the allocation of non-core functions expenditures to the core functions. This will ensure that better costing of the functions can be performed. This will also be used to provide National Treasury with a more true and accurate reflection of the mandated functions and will hopefully influence the Equitable share allocation to the municipality.

Municipal expenditure is split into different functions:

- Core Functions
 - Planning and Development
 - Public Safety
 - Health Service
 - Waste Management
 - Road Transport
 - Waste Water Management
 - Environmental Management
- Support Services – non core functions:
 - Budget and Treasury Office
 - Corporate Services
- Non – core functions:
 - Social Services

DC4 Eden - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April

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	92	1 225	1 040	186	18%	1 248
Interest earned - external investments		3 433	2 051	2 601	494	3 724	2 167	1 557	72%	2 601
Interest earned - outstanding debtors								-		-
Dividends received								-		-
Fines								-		-
Licences and permits								-		-
Agency services		14 148	13 780	11 280	1 010	11 334	9 400	1 934	21%	11 280
Transfers recognised - operational		128 949	133 413	141 097		141 097	117 581	23 516	20%	141 097
Other revenue		134 786	17 270	118 468	935	14 854	98 723	(83 869)	-85%	118 468
Gains on disposal of PPE		134	8 000				-	-		-
Total Revenue (excluding capital transfers and contributions)		283 224	176 402	274 692	2 530	172 235	228 910	(56 676)	-25%	274 692
Expenditure By Type										
Employee related costs		91 463	91 952	143 624	6 828	71 687	119 687	(48 000)	-40%	143 624
Remuneration of councillors		6 747	6 954	6 969	548	5 552	5 807	(255)	-4%	6 969
Debt impairment		2 043	650	650			542	(542)	-100%	650
Depreciation & asset impairment		5 041	8 136	8 136	632	5 580	6 780	(1 200)	-18%	8 136
Finance charges		743	585	485		224	404	(180)	-45%	485
Bulk purchases								-		-
Other materials								-		-
Contracted services		6 385	11 330	11 436	934	7 559	9 530	(1 971)	-21%	11 436
Transfers and grants		11 274	3 744	3 744	6 621	8 934	3 120	5 814	186%	3 744
Other expenditure		144 024	51 697	98 418	2 624	21 968	82 015	(60 047)	-73%	98 418
Loss on disposal of PPE		391						-		-
Total Expenditure		268 110	175 048	273 462	18 189	121 505	227 885	(106 380)	-47%	273 462
Surplus/(Deficit)		15 114	1 354	1 230	(15 659)	50 730	1 025	49 704	0	1 230
Transfers recognised - capital								-		-
Contributions recognised - capital								-		-
Contributed assets								-		-
Surplus/(Deficit) after capital transfers & contributions		15 114	1 354	1 230	(15 659)	50 730	1 025			1 230
Taxation								-		-
Surplus/(Deficit) after taxation		15 114	1 354	1 230	(15 659)	50 730	1 025			1 230
Attributable to minorities										-
Surplus/(Deficit) attributable to municipality		15 114	1 354	1 230	(15 659)	50 730	1 025			1 230
Share of surplus/ (deficit) of associate										-
Surplus/ (Deficit) for the year		15 114	1 354	1 230	(15 659)	50 730	1 025			1 230

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 30 April 2014 totals R1.225m. The rental income of this income centre needs more interrogation and dissection in order to ensure that correct income allocations is reported on this item. Currently the majority of the income is income receivable from the resorts and rentals of properties.

Interest earned – External Investments:

The municipal practice is to invest all access cash on a month to month basis with interest not capitalised. This has resulted in the municipality comprehensively outperforming projected income. This is a good indication that measures implemented to limit expenditures is working and reflects in the better than budgeted performance of interest income. Interest from interest was budgeted conservatively.

Transferred recognised – operational

RSC replacement grant is the National Treasury allocation to the district to finance its operational activities during the financial year. The municipality was allocated an amount of R129, 669,000. The municipality received 100% of its projected allocation. Other grant reflected in this amount is the Municipal Disaster grant that was allocated to assist the local municipality with disaster recovery expenditure incurred in terms of the flood damages of previous years.

Other revenue / Sundry income

The municipality needs to ensure identification of more of these income sources in order to maximise the opportunities to create additional income and revenue streams. Included is revenue related to SLA's agreements with respective municipalities, as well as SLA's and MOU's 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 expenditure.

Employee Related cost / Remuneration of councillors

Totals employee related cost year to date ending 30 April are R71, 687m. This is a total of 79% of budgeted salary expenditure. See more detail under section 8.

Debt Impairment / Depreciation and asset impairment

These items account for non-cash budgeted items. Since February the municipality accounted for depreciation on a monthly basis. Year to date equals R5,580,204 or 69% of budgeted figures.

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.

Contracted services

Contracted services totals 69% of budgeted amount of R10,930m. With two months left of the financial year finance project that spending will be within a 10% variance from budgeted amounts. Most of the spending of contracted services is on the Core item functions. Consultants and other comprehensive contracts are included under the contracted services items respectively.

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 and general cost saving measures implemented.

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) - M10 April										
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	4	148	404	(256)	-63%	485
Vote 4 - PLANNING AND DEVELOPMENT		-	-	250	23	23	-	23	#DIV/0!	250
Vote 5 - PUBLIC SAFETY		-	400	400	-	-	333	(333)	-100%	400
Vote 6 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		295	250	-	-	-	-	-	-	-
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	8 000	5 800	-	-	4 833	(4 833)	-100%	5 800
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	27	171	5 571	(5 400)	-97%	6 935
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 6 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		-	-	-	-	-	-	-	-	-
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		935	8 875	6 935	27	171	5 571	(5 400)	-97%	6 935

Variances explained in Supporting Table C5

Progress reporting on the Regional Landfill Site project is that no spending has been incurred year to date. The proposed finalisation of the regional landfill site project is 30 June 2014.

Another major capital project, the Fire fighting vehicle will be concluded before the end of the financial year. This project was undergoing various cost measuring investigations and is currently in the supply chain management phase of completion.

Other small capital items are budgeted for. Amongst these is the ICT equipment to ensure that administration has required the necessary equipment to perform their functions.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M10 April						
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		25 788
Call investment deposits		30 000	30 000	30 000		30 000
Consumer debtors		(20 200)	(19 190)	(19 190)		(19 190)
Other debtors		12 352	11 734	11 734		11 734
Current portion of long-term receivables		2 298	2 298	2 298		2 298
Inventory		3 406	3 236	3 236		3 236
Total current assets		55 001	53 866	53 866	-	53 866
Non current assets						
Long-term receivables		35 111	33 355	33 355		33 355
Investments				-		
Investment property		354 027	336 326	336 326		336 326
Investments in Associate				-		
Property, plant and equipment		177 192	168 332	168 332		168 332
Agricultural				-		
Biological assets				-		
Intangible assets		3 358	3 190	3 190		3 190
Other non-current assets		92 716	88 080	88 080		88 080
Total non current assets		662 404	629 283	629 283	-	629 283
TOTAL ASSETS		717 405	683 149	683 149	-	683 149
LIABILITIES						
Current liabilities						
Bank overdraft				-		
Borrowing		537	510	510		510
Consumer deposits				-		
Trade and other payables		29 977	28 478	28 478		28 478
Provisions		17 111	16 255	16 255		16 255
Total current liabilities		47 625	45 243	45 243	-	45 243
Non current liabilities						
Borrowing		2 856	1 942	1 942		1 942
Provisions		91 770	87 182	87 182		87 182
Total non current liabilities		94 626	89 124	89 124	-	89 124
TOTAL LIABILITIES		142 251	134 367	134 367	-	134 367
NET ASSETS	2	575 154	548 782	548 782	-	548 782
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 640	1 355	1 355		1 355
Reserves		15 435	14 663	14 663		14 663
TOTAL COMMUNITY WEALTH/EQUITY	2	17 075	16 018	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 - M10 April										
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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		500	33 249		2 037	35 098	24 937	10 161	41%	33 249
Government - operating		1 500	133 413			133 413	100 060	33 353	33%	133 413
Government - capital								-		
Interest		2 350	2 051		494	3 724	1 538	2 186	142%	2 051
Dividends								-		
Payments										
Suppliers and employees		(9 479)	(146 091)		(11 294)	(110 151)	(109 568)	583	-1%	(146 091)
Finance charges		(750)	(985)			(224)	(739)	(515)	70%	(985)
Transfers and Grants		(4 892)	(3 744)		(6 896)	(11 131)	(2 808)	8 323	-296%	(3 744)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(10 771)	17 893	-	(15 660)	50 728	13 420	37 309	278%	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					(27 347)	(56 464)		(56 464)	#DIV/0!	
Payments										
Capital assets		(935)	(875)		(27)	(171)	(656)	(485)	74%	(875)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(935)	(8 875)	-	(27 373)	(56 635)	(6 656)	49 979	-751%	(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	-	(43 033)	(5 907)	6 764			9 018
Cash/cash equivalents at beginning:			25 893			11 613	25 893			11 613
Cash/cash equivalents at month/year end:		(11 706)	34 911	-		5 706	32 657			20 631

The cash flow performance of the municipality reflects a positive picture in the sense that council possesses enough funds to operate over the short term and settle their short term obligations if required.

The INCA report a report that was compiled assist council in their financial planning needs to be investigated and analysed to ensure that this information will assist council in strengthening its financial situation.

The bank reconciliations is being done regularly and is up to date and this should also assist council in bettering the financial position.

As explained earlier in the report the policy of council is to invest excess cash not immediately required in the operations.

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 - M10 April							
Description	NT Code	Budget Year 2013/14					
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total	Total over 90 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	121	46	94	3 467	3 728	3 467
Interest on Arrear Debtor Accounts	1810					–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820					–	–
Other	1900	417	374	430	7 068	8 289	7 068
Total By Income Source	2000	538	421	524	10 535	12 017	10 535
2012/13 - totals only						–	–
Debtors Age Analysis By Customer Group							
Organs of State	2200					–	–
Commercial	2300					–	–
Households	2400	60	47	4	815	927	815
Other	2500	477	373	520	9 719	11 090	9 719
Total By Customer Group	2600	538	421	524	10 535	12 017	10 535

For the period ending 30 April outstanding debtors amounted to R12, 017,142.

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 report will be submitted to council with results and debts that need to be write off.

Section 5 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M10 April										
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	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	11 101								11 101
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500	1 073								1 073
Loan repayments	0600									-
Trade Creditors	0700									-
Auditor General	0800	13								13
Other	0900									-
Total By Customer Type	1000	12 186	-	-	-	-	-	-	-	12 186

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 April 2014	Movements for the month		Balance as at 30 April 2014	Interest earned	Interest earned
		Investments matured	Investments made			
<i>Eden district municipality</i>						
<i>Interest Received YTD</i>				-		1 387 977.78
<i>Standard Bank</i>	-22 500 000.00	-12 500 000.00	10 000 000.00	10 000 000.00		
<i>FNB</i>	-22 500 000.00	-12 500 000.00	10 000 000.00	10 000 000.00		
<i>ABSA</i>	-22 500 000.00	-20 000 000.00	10 000 000.00	10 000 000.00		
<i>Nedbank</i>	-22 500 000.00	-12 500 000.00	10 000 000.00	10 000 000.00		
	-					
BANK DEPOSITS	-90 000 000.00	-57 500 000.00	40 000 000.00	40 000 000.00		1 541 029.40

As explained above with the cash flow information the municipality invest access funds to maximise interest and optimise the income potential of council. Year to date administration comfortable outperform their budget projections for the year. This is as a result of the rigid strategy to limit spending on unnecessary and non-core related items. For the period ending 30 April 2014 funds invested on short-term investments totals R40m. Conservative approach with budget projections were followed.

The investment from Absa bank of R20m consist of the following, the R7.5m of the investment of February that was only received in April and the monthly investment of R12,5m of the month of March.

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 - M10 April										
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	–	139 393	116 161	21 612	18.6%	139 393
Local Government Equitable Share		125 669	129 669	129 669		129 669	108 058	21 612	20.0%	129 669
Finance Management		1 250	1 250	1 250		1 250	1 042			1 250
Municipal Systems Improvement		1 000	890	890		890	742			890
EPWP Incentive		1 000	1 000	1 000		1 000	833			1 000
Municipal Disaster Recovery Grant				6 584		6 584	5 487			6 584
	3							–		
								–		
								–		
Other transfers and grants [insert description]								–		
Provincial Government:		–	604	1 704	–	1 704	1 420	259	18.2%	1 704
Integrated Transport Planning - PT			604	604		604	503	101	20.0%	604
Nelson Mandela Memorial				150		150	125			150
WC FMG Assistance				550		550	458	92	20.0%	550
WC Support - Provincial Treasury				400		400	333	67	20.0%	400
	4							–		
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	–	141 097	117 581	21 871	18.6%	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 - M10 April

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	6,967	9,111	116,161	(107,050)	-92.2%	139,393
Local Government Equitable Share		125,699	129,669	129,669			108,058	(108,058)	-100.0%	129,669
Finance Management		1,250	1,250	1,250	(24)	1,190	1,042	148	14.2%	1,250
Municipal Systems Improvement		1,000	890	890	342	470	742	(272)	-36.6%	890
EPWP Incentive		1,000	1,000	1,000	65	867	833	34	4.1%	1,000
Municipal Disaster Recovery Grant				6,584	6,584	6,584	5,487	1,097	20.0%	6,584
Other transfers and grants [insert description]								-		-
Provincial Government:		-	604	1,704	-	155	1,420	(1,265)	-89.1%	1,704
Intergrated Transport Planning - PT			604	604		-	503	(503)	-100.0%	604
WC FMG Assistance			-	150		155	125	30	23.8%	150
WC Support - Provincial Treasury			-	550			458	(458)	-100.0%	550
Other transfers and grants [insert description]			-	400			333	(333)	-100.0%	400
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
Total operating expenditure of Transfers and Grants:		128,949	133,413	141,097	6,967	9,266	117,581	(108,315)	-92.1%	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 - M10 April										
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	394	4 001	4 333	(331)	-8%	5 199
Pension and UIF Contributions		116	107	107	10	98	89	9	10%	107
Medical Aid Contributions		30	107	107	15	126	89	37	41%	107
Motor Vehicle Allowance		526	1 223	1 223	108	1 116	1 019	97	10%	1 223
Cellphone Allowance		508	267	282	21	211	223	(12)	-5%	282
Housing Allowances								-		-
Other benefits and allowances			50	50			42	(42)	-100%	50
Sub Total - Councillors		6 871	6 953	6 969	548	5 552	5 794	(242)	-4%	6 969
% increase	4		1.2%	1.4%						1.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		2 275	3 266	3 266	248	2 494	2 722	(228)	-8%	3 266
Pension and UIF Contributions		251	417	417	41	386	348	39	11%	417
Medical Aid Contributions			61	61	4	34	51	(17)	-33%	61
Overtime								-		-
Performance Bonus			325	360		287	271	16	6%	360
Motor Vehicle Allowance		247	369	369	39	392	308	85	28%	369
Cellphone Allowance			12	12	1	10	10	-		12
Housing Allowances		84	84	84	7	70	70	-		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	3 673	3 778	(105)	-3%	4 569
% increase	4		58.7%	59.9%						59.9%
Other Municipal Staff										
Basic Salaries and Wages		56 228	55 250	51 359	4 253	42 446	46 042	(3 595)	-8%	51 359
Pension and UIF Contributions		10 819	11 424	11 554	862	8 626	9 520	(894)	-9%	11 554
Medical Aid Contributions		6 861	8 150	8 786	614	5 842	6 792	(949)	-14%	8 786
Overtime		1 299	1 027	1 080	59	657	856	(199)	-23%	1 080
Performance Bonus		181	35				29	(29)	-100%	-
Motor Vehicle Allowance		7 063	5 863	6 624	576	5 774	4 886	888	18%	6 624
Cellphone Allowance		155	119	133			99	(99)	-100%	133
Housing Allowances		617	516	411	39	371	430	(59)	-14%	411
Other benefits and allowances		715	692	2 167	63	491	577	(85)	-15%	2 167
Payments in lieu of leave		4 071	4 342	3 712	25	3 807	3 618	189	5%	3 712
Long service awards								-		-
Post-retirement benefit obligations								-		-
Sub Total - Other Municipal Staff		88 009	87 418	85 827	6 490	68 015	72 848	(4 833)	-7%	85 827
% increase	4		-0.7%	-2.5%						-2.5%
Total Parent Municipality		97 737	98 905	97 365	7 378	77 240	82 421	(5 181)	-6%	97 365

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.

Various vacancies that were budgeted during the adjustment budget process haven't been filled to date. This is impacting the spending of the salary budget and projection indicates that the municipality will not spend within the 10% banned for salary related expense for the financial year.

Salary related expenditure accounts for 64% of the total expense for the year to date April 2014.

Section 9 – Municipal manager’s quality certification