



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2014 - 2015

MONTHLY FINANCIAL REPORT

31 MAY 2015

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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, Act 56 of 2003.

RECOMMENDATION:

That council takes notes of the monthly report for the period 31 May 2015.

Section 2 – Executive Summary

2.1 Introduction

These figures are presented in terms of section 71 of the MFMA. The information is presented for the month and year to date ending 31 May 2015.

2.2 Consolidated performance

2.2.1 Against annual budget (original)

Revenue by source

Reporting for the second last month of the financial year – May 2015 reflects the following operational revenue performance. Total revenue year to date equals R199,503,971. Based on the budget for Eden this represents a performance of 94% of budgeted revenues of R212,894,367

Operating Expenditure by type

Operational expenditure year to date records R155,940,968 a total budget of R209,275,866. This represents an expenditure percentage of 74.5%.

More details in the rest of the report.

Capital Expenditure

Capital expenditure for the year ending 31 May 2015 totals R6,472,882 or 68.8% of the total budget of R9,413,750.

The main capital project, namely the Regional Landfill Site, spending of R 5,711,138 was processed during May 2015 as indicated in the April Financial Management Report (FMR) total budget of R5,800,000. This spending was for the purchase of the land which was transferred into the name of the municipality. The next phase will be the building of the landfill site facilities. Various options to implement this phase are being investigated.

The Fleet Management Vehicle is currently under SCM processes and will be finalized by 30 June 2015.

2.3 Material variances from SDBIP

Variances and deficiencies will be explained in terms of the SDBIP will be reported by the Performance management unit, situated in the Office of the Municipal Manager.

2.4 Remedial or corrective steps

Remedial actions and corrections will be instituted and changes done by the Performance management unit.

2.5 Conclusion

The report reflects spending for the 11th month of the financial year. With only one month remaining before the end of the financial year the municipality reflects positive performance on the Revenue side of the budget.

Year -end transactions required in terms of GRAP still needs to be processed before 30 June 2015.

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 - M11 May									
Description	2013/14	Budget Year 2014/15							
	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	2 601	4 500	4 750	236	6 364	4 354	2 009	46%	4 750
Transfers recognised - operational	141 197	170 060	168 993	-	168 426	154 910	13 516	9%	168 993
Other own revenue	131 931	134 257	155 441	3 872	24 714	142 487	(117 773)	-83%	155 441
Total Revenue (excluding capital transfers and contributions)	275 728	308 817	329 184	4 108	199 504	301 752	(102 248)	-34%	329 184
Employee costs	146 056	95 117	94 315	7 130	83 121	86 456	(3 334)	-4%	94 315
Remuneration of Councillors	6 969	7 705	7 723	886	6 766	7 080	(314)	-4%	7 723
Depreciation & asset impairment	8 136	8 322	6 800	335	3 392	6 233	(2 842)	-46%	6 800
Finance charges	485	530	830	-	138	761	(623)	-82%	830
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	4 244	36 253	35 396	3 847	31 156	32 446	(1 290)	-4%	35 396
Other expenditure	107 893	158 385	180 501	2 342	31 368	165 459	(134 091)	-81%	180 501
Total Expenditure	273 782	306 313	325 566	14 540	155 941	298 435	(142 494)	-48%	325 566
Surplus/(Deficit)	1 947	2 504	3 618	(10 432)	43 563	3 316	40 247	1214%	3 618
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 947	2 504	3 618	(10 432)	43 563	3 316	40 247	1214%	3 618
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 947	2 504	3 618	(10 432)	43 563	3 316	40 247	1214%	3 618
Capital expenditure & funds sources									
Capital expenditure	6 935	8 300	9 414	5 740	6 473	8 629	(2 156)	-25%	9 414
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	6 935	8 300	9 414	5 740	6 473	8 629	(2 156)	-25%	9 414
Total sources of capital funds	6 935	8 300	9 414	5 740	6 473	8 629	(2 156)	-25%	9 414
Financial position									
Total current assets	105 078	113 384	105 078	-	172 834	-	-	-	113 384
Total non current assets	515 890	532 282	515 890	-	514 184	-	-	-	532 282
Total current liabilities	52 701	67 533	52 701	-	61 215	-	-	-	67 533
Total non current liabilities	114 974	117 570	114 974	-	114 974	-	-	-	117 570
Community wealth/Equity	453 293	460 563	453 293	-	510 829	-	-	-	460 563
Cash flows									
Net cash from (used) operating	20 820	9 020	(30 251)	(10 430)	45 245	(27 730)	(72 975)	263%	(30 251)
Net cash from (used) investing	1 399	(5 766)	(6 880)	(108 000)	(57 545)	-	57 545	#DIV/0!	2 534
Net cash from (used) financing	(622)	(650)	(650)	-	-	-	-	-	(650)
Cash/cash equivalents at the month/year end	94 581	97 186	59 405	-	113 505	69 456	(44 049)	-63%	97 438
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	1 439	91	89	8 738	-	-	-	-	10 357
Creditors Age Analysis									
Total Creditors	2 315	-	-	-	-	-	-	-	2 315

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

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M11 May										
Description	Ref	2013/14		Budget Year 2014/15						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		170 532	196 577	205 505	3 564	193 333	188 379	4 954	3%	205 505
Executive and council		169 420	195 274	204 202	3 564	192 312	187 186	5 127	3%	204 202
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		1 112	1 302	1 302	-	1 021	1 194	(173)	-14%	1 302
<i>Community and public safety</i>		5 122	6 024	6 036	537	5 402	5 533	(131)	-2%	6 036
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		4 962	5 855	5 867	514	5 205	5 378	(173)	-3%	5 867
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		160	169	169	23	197	155	42	27%	169
<i>Economic and environmental services</i>		99 994	106 132	116 522	7	39	106 812	(106 773)	-100%	116 522
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		99 869	106 000	116 290	-	-	106 599	(106 599)	-100%	116 290
Environmental protection		125	132	232	7	39	213	(174)	-82%	232
<i>Trading services</i>		80	84	1 122	-	730	1 028	(299)	-29%	1 122
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		80	84	1 122	-	730	1 028	(299)	-29%	1 122
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	275 728	308 817	329 184	4 108	199 504	301 752	(102 248)	-34%	329 184
Expenditure - Standard										
<i>Governance and administration</i>		90 585	117 701	128 040	9 245	90 126	117 370	(27 244)	-23%	128 040
Executive and council		47 138	63 639	74 322	5 801	48 341	68 129	(19 788)	-29%	74 322
Budget and treasury office		16 295	24 699	22 999	1 435	16 793	21 082	(4 289)	-20%	22 999
Corporate services		27 152	29 363	30 719	2 010	24 992	28 159	(3 167)	-11%	30 719
<i>Community and public safety</i>		61 059	65 305	64 409	4 212	53 606	59 042	(5 436)	-9%	64 409
Community and social services		2 312	2 918	-	-	-	-	-	-	-
Sport and recreation		8 305	9 743	10 093	745	8 514	9 252	(738)	-8%	10 093
Public safety		26 839	25 179	23 534	1 327	19 028	21 573	(2 545)	-12%	23 534
Housing		-	-	-	-	-	-	-	-	-
Health		23 604	27 465	30 782	2 140	26 063	28 217	(2 154)	-8%	30 782
<i>Economic and environmental services</i>		117 747	118 237	126 746	966	7 618	116 184	(108 566)	-93%	126 746
Planning and development		8 456	6 909	7 351	838	5 993	6 738	(745)	-11%	7 351
Road transport		101 020	108 891	117 331	-	2	107 553	(107 551)	-100%	117 331
Environmental protection		8 272	2 436	2 065	128	1 622	1 893	(270)	-14%	2 065
<i>Trading services</i>		4 391	5 070	6 370	116	4 591	5 839	(1 248)	-21%	6 370
Electricity		-	-	-	-	-	-	-	-	-
Water		2 074	3 708	3 023	17	2 351	2 771	(420)	-15%	3 023
Waste water management		11	-	-	-	-	-	-	-	-
Waste management		2 305	1 362	3 347	99	2 240	3 068	(828)	-27%	3 347
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	273 782	306 313	325 566	14 540	155 941	298 435	(142 494)	-48%	325 566
Surplus/ (Deficit) for the year		1 945	2 504	3 619	(10 432)	43 563	3 317	40 246	1213%	3 619

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:

Operational performance in terms of the Revenue budget totals R199,503,971 for a 94% performance. This is mainly due to the Equitable Share grant that was received in total and the performance of the Interest earned from investments. Majority of the other grants were received during the financial year.

The interest earned reported R6,363,583 against a total budget of R4,750,000. This is a performance of 134%.

Operating Expenditure

Spending of 74.5% is recorded for the year to date ending 31 May 2015. This is a total of R155,940,968. The majority of the spending is remunerated related cost items with a total expenditure year to date of R89,887,058.

The spending of transactions related to provisions and contributions can only be processed at year end with the compilation of the annual financial statements. All these cost items will increase the spending before 30 June 2015.

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

DC4 Eden - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M11 May										
Vote Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Executive & Council	1	169 420	195 274	204 202	3 564	192 312	187 186	5 127	2.7%	204 202
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1 112	1 302	1 302	-	1 021	1 194	(173)	-14.5%	1 302
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Health		160	169	169	23	197	155	42	27.3%	169
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		4 962	5 855	5 867	514	5 205	5 378	(173)	-3.2%	5 867
Vote 9 - Waste Management		80	84	1 122	-	730	1 028	(299)	-29.1%	1 122
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		125	132	232	7	39	213	(174)	-81.6%	232
Vote 14 - Roads Agency Function		99 869	106 000	116 290	-	-	106 599	(106 599)	-100.0%	116 290
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	275 728	308 817	329 184	4 108	199 504	301 752	(102 248)	-33.9%	329 184
Expenditure by Vote										
Vote 1 - Executive & Council	1	45 505	63 639	74 322	5 801	48 341	68 129	(19 788)	-29.0%	74 322
Vote 2 - Budget and Treasury Office		17 928	24 699	22 999	1 435	16 793	21 082	(4 289)	-20.3%	22 999
Vote 3 - Corporate Services		27 152	29 363	30 719	2 010	24 992	28 159	(3 167)	-11.2%	30 719
Vote 4 - Planning and Development		8 456	6 909	7 351	838	5 993	6 738	(745)	-11.1%	7 351
Vote 5 - Public Safety		26 838	25 179	23 534	1 327	19 028	21 573	(2 545)	-11.8%	23 534
Vote 6 - Health		23 604	27 465	30 782	2 140	26 063	28 217	(2 154)	-7.6%	30 782
Vote 7 - Community and Social Services		2 312	2 918	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		8 305	9 743	10 093	745	8 514	9 252	(738)	-8.0%	10 093
Vote 9 - Waste Management		2 305	1 362	3 347	99	2 240	3 068	(828)	-27.0%	3 347
Vote 10 - Road Transport		1 152	2 891	1 041	-	2	954	(952)	-99.7%	1 041
Vote 11 - Waste Water Management		11	-	-	-	-	-	-	-	-
Vote 12 - Water		2 074	3 708	3 023	17	2 351	2 771	(420)	-15.2%	3 023
Vote 13 - Environmental Protection		8 272	2 437	2 065	128	1 622	1 893	(271)	-14.3%	2 065
Vote 14 - Roads Agency Function		99 869	106 000	116 290	-	-	106 599	(106 599)	-100.0%	116 290
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	273 782	306 313	325 566	14 540	155 941	298 436	(142 495)	-47.7%	325 566
Surplus/ (Deficit) for the year	2	1 946	2 504	3 618	(10 432)	43 563	3 316	40 247	1213.5%	3 618

Reporting per municipal vote provide details on the spread of spending over the various functions of council.

Income is mainly budgeted under the Executive and Council function and therefor the majority of the income will be reflected under this section.

The consolidation of the Roads Agency function into the budget of Eden reflects under the Roads Transport municipal function above.

No reporting of the information in terms of the Roads Agency function is included in the report.

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

DC4 Eden - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May										
Description	Ref	2013/14	Budget Year 2014/15							
		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		1 248	2 357	2 357	42	799	2 160	(1 362)	-63%	2 357
Interest earned - external investments		2 601	4 500	4 750	236	6 364	4 354	2 009	46%	4 750
Interest earned - outstanding debtors				881	40	828	808	20	3%	881
Dividends received								-		
Fines								-		
Licences and permits								-		
Agency services		11 280	12 671	13 777	2 020	12 036	12 629	(593)	-5%	13 777
Transfers recognised - operational		141 197	170 060	168 993		168 426	154 910	13 516	9%	168 993
Other revenue		119 403	119 229	138 425	1 770	11 051	126 890	(115 839)	-91%	138 425
Gains on disposal of PPE								-		
Total Revenue (excluding capital transfers and contributions)		275 728	308 817	329 184	4 108	199 504	301 752	(102 248)	-34%	329 184
Expenditure By Type										
Employee related costs		146 056	95 117	94 315	7 130	83 121	86 456	(3 334)	-4%	94 315
Remuneration of councillors		6 969	7 705	7 723	886	6 766	7 080	(314)	-4%	7 723
Debt impairment		650	800	1 800			1 650	(1 650)	-100%	1 800
Depreciation & asset impairment		8 136	8 322	6 800	335	3 392	6 233	(2 842)	-46%	6 800
Finance charges		485	530	830		138	761	(623)	-82%	830
Bulk purchases								-		
Other materials								-		
Contracted services		10 372	9 975	8 414	240	6 458	7 713	(1 255)	-16%	8 414
Transfers and grants		4 244	36 253	35 396	3 847	31 156	32 446	(1 290)	-4%	35 396
Other expenditure		96 871	147 610	170 287	2 102	24 910	156 096	(131 186)	-84%	170 287
Loss on disposal of PPE								-		
Total Expenditure		273 782	306 313	325 566	14 540	155 941	298 435	(142 494)	-48%	325 566
Surplus/(Deficit)		1 947	2 504	3 618	(10 432)	43 563	3 316	40 247	0	3 618
Transfers recognised - capital								-		
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		1 947	2 504	3 618	(10 432)	43 563	3 316			3 618
Taxation								-		
Surplus/(Deficit) after taxation		1 947	2 504	3 618	(10 432)	43 563	3 316			3 618
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		1 947	2 504	3 618	(10 432)	43 563	3 316			3 618
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		1 947	2 504	3 618	(10 432)	43 563	3 316			3 618

Revenue by Source

Revenue by source explains the types of income budgeted for and the performance of these items individually.

Rental of facilities and equipment:

Rental of facilities reflects the districts own effort in raising revenues and income and R798,792 is reported against a total budget of R2,356,866. The municipality needs to implements additional measures to ensure performance of own funded revenue sources are improved to acceptable levels.

It is envisioned that the municipality will underperform for this income category at the end of 30 June 2015.

Interest earned – External Investments:

The performance of interest revenues reflects a total income of R6,363,583 for a budget of R4,750,000. This equates to performance levels of 134% or over-collection of R1,613,582. This positive performance is as a result of the rigid investment of access funds.

Interest earned – Outstanding debtors

The municipality levy interest on outstanding accounts as per council's credit control and debt collection policy. Year to date performance totals R828,258.

Agency services

The municipality performs an agency function on behalf of the Department of Transport – Roads department. Monthly agency fees are collected from the department. 12% Admin fee is received on the original allocation and 3% on additional resale monies. Year to date performance totals R12,036,336.

Transferred recognised – operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenues Act's respectively. The municipality received all grants as promulgated and no funds were withheld by National or Provincial treasury for the financial year 2014/2015.

Other revenue / Sundry income

The majority of the council own funded sources are budgeted under this category. The year to date performance totals R11m. As mentioned above, the municipal own revenue sources

are diminishing and council should enhance this by implementing measures to address this shortcoming.

The Executive Mayor, Municipal Manager and Chief Financial Officer is representing Eden on the Regional District Municipalities Task Team and this will hopefully in future bear positive fruits in terms of revenue enhancement initiatives.

Expenditure by Type

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

Employee Related cost / Remuneration of councillors

Remuneration related expenditures totals 58% of the total year to date expenditures, that is a total of R89,887,058 of a year to date spending of R155,940,968.

Based on budgeted figures for Employee and councillor remuneration the projection are that the municipal budget will be spent according to plans. Year to date spending of the remuneration related expenditure totals 88% of budgeted amounts. With only one month left in the financial year. This is in line with projections.

Debt Impairment / Depreciation and asset impairment

The totals for depreciation as asset impairment is R3,391,689. This represents 50% of the budget R 6,741,000. As requested by various role players the municipality is now able to report on depreciation on a regular basis. Review of useful lives of assets are performed in June and will influence the depreciation figures for the year.

Finance charges

Finance charges are only accounted for during May and September yearly when the repayments in terms of the long term obligations is due.

No new loans will be taken up in the current or new financial year.

Contracted services

Contracted services totals R6,458,268 of a budget of R8,414,183. This represents a spending of 77% of budgeted expenditure. Various year end transactions will also impact on the performance on the contracted services budget, due to items only being accounted for at 30 June 2015.

Other expenditure

Most of the other expenditure is only accounted for at the end of the financial year. Spending on these will therefore be below budgeted amounts. This status quo will maintain until the end of the financial year.

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) - M11 May										
Vote Description	Ref	2013/14	Budget Year 2014/15							
		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 & Council		-	-	327	18	66	300	(234)	-78%	327
Vote 2 - Budget and Treasury Office		-	-	6	6	6	6	0	7%	6
Vote 3 - Corporate Services		485	1 000	923	9	463	846	(383)	-45%	923
Vote 4 - Planning and Development		-	-	-	-	-	-	-		-
Vote 5 - Public Safety		400	1 300	1 935	21	40	1 774	(1 734)	-98%	1 935
Vote 6 - Health		250	-	53	-	-	48	(48)	-100%	53
Vote 7 - Community and Social Services		-	-	-	-	-	-	-		-
Vote 8 - Sport and Recreation		-	200	370	91	187	339	(152)	-45%	370
Vote 9 - Waste Management		5 800	5 800	5 800	5 595	5 711	5 317	394	7%	5 800
Vote 10 - Road Transport		-	-	-	-	-	-	-		-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-		-
Vote 12 - Water		-	-	-	-	-	-	-		-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-		-
Vote 14 - Roads Agency Function		-	-	-	-	-	-	-		-
Vote 15 - Electricity		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	6 935	8 300	9 414	5 740	6 473	8 629	(2 156)	-25%	9 414

Variances explained in Supporting Table C5

Capital spending shows a spending of 68.8% spending. This is a huge improvement on the previous months. This is mainly due to the Property purchased for the Regional Landfill site expenditure that were accounted for during May 2015. Year to date spending on this capital project totals R5,711,138 of a total budget of R5,800,000.

Various other capital budget amendments were also processed and these should also positively reflects on the capital budget for the 2014/2015 financial year at 30 June 2015.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M11 May

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		79 737	95 686	79 737	156 266	95 686
Call investment deposits		–	–			–
Consumer debtors		14 440	6 757	16 446	10 034	6 757
Other debtors		3 851	4 402	1 845		4 402
Current portion of long-term receivables		2 404	2 534	2 404	2 404	2 534
Inventory		4 645	4 005	4 645	4 130	4 005
Total current assets		105 078	113 384	105 078	172 834	113 384
Non current assets						
Long-term receivables		47 487	37 190	47 487	47 487	37 190
Investments		–	–		41	–
Investment property		170 665	345 577	170 665	170 578	345 577
Investments in Associate		–	–			–
Property, plant and equipment		294 896	146 406	294 896	293 507	146 406
Agricultural		–	–			–
Biological assets		–	–			–
Intangible assets		2 801	3 068	2 801	2 571	3 068
Other non-current assets		41	41	41		41
Total non current assets		515 890	532 282	515 890	514 184	532 282
TOTAL ASSETS		620 968	645 666	620 968	687 018	645 666
LIABILITIES						
Current liabilities						
Bank overdraft		–	–			–
Borrowing		1 923	700	1 904	1 470	700
Consumer deposits		–	–			–
Trade and other payables		30 278	44 745	30 296	48 026	44 745
Provisions		20 501	22 087	20 501	11 719	22 087
Total current liabilities		52 701	67 533	52 701	61 215	67 533
Non current liabilities						
Borrowing		3 136	2 156	705	705	2 156
Provisions		111 837	115 414	114 269	114 269	115 414
Total non current liabilities		114 974	117 570	114 974	114 974	117 570
TOTAL LIABILITIES		167 675	185 103	167 675	176 189	185 103
NET ASSETS	2	453 293	460 563	453 293	510 829	460 563
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		435 224	458 916	435 224	492 760	458 916
Reserves		18 069	1 647	18 069	18 069	1 647
TOTAL COMMUNITY WEALTH/EQUITY	2	453 293	460 563	453 293	510 829	460 563

The financial position of council is recorded at the end of May 2015. This table excludes the figures for Roads department

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M11 May

Description	Ref	Budget Year 2014/15								
		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		129 870	125 436	125 436	3 872	26 494	114 983	(88 489)	-77%	125 436
Government - operating		141 097	170 060	168 993		166 647	154 910	11 736	8%	168 993
Government - capital								-		
Interest		2 601	4 500	4 750	236	6 364	4 354	2 009	46%	4 750
Dividends								-		
Payments										
Suppliers and employees		(248 119)	(286 362)	(293 704)	(10 691)	(122 965)	(269 229)	(146 264)	54%	(293 704)
Finance charges		(485)	(530)	(830)		(138)	(761)	(623)	82%	(830)
Transfers and Grants		(4 144)	(4 084)	(34 896)	(3 847)	(31 156)	(31 988)	(832)	3%	(34 896)
NET CASH FROM/(USED) OPERATING ACTIVITIES		20 820	9 020	(30 251)	(10 430)	45 245	(27 730)	(72 975)	263%	(30 251)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables		2 534	2 534	2 534				-		2 534
Decrease (increase) in non-current investments					(108 000)	(57 545)		(57 545)	#DIV/0!	-
Payments										
Capital assets		(1 135)	(8 300)	(9 414)				-		
NET CASH FROM/(USED) INVESTING ACTIVITIES		1 399	(5 766)	(6 880)	(108 000)	(57 545)	-	57 545	#DIV/0!	2 534
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing		(622)	(650)	(650)				-		(650)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(622)	(650)	(650)	-	-	-	-		(650)
NET INCREASE/ (DECREASE) IN CASH HELD		21 597	2 604	(37 781)	(118 430)	(12 300)	(27 730)			(28 367)
Cash/cash equivalents at beginning:		72 984	94 582	97 186		125 805	97 186			125 805
Cash/cash equivalents at month/year end:		94 581	97 186	59 405		113 505	69 456			97 438

Municipal cash and investment balances totals R113m at the end of May 2015. This figure represents the total funding of council and included all grant related income received and unspent at the end of the May 2015.

The cash calculation that's performed by the financial statements section taking into account all creditors and obligations should provide a better understanding of council cash position.

This calculation is included below to provide a more detailed position of council's financial affairs and provide additional information to the user of the report.

REPORTING MONTH: 31 MAY 2015		
Commitments against Cash & Cash Equivalents		
ITEM	Previous Month R'000	Current Month R'000
Cash & Cash Equivalents	125 901 375.86	113 378 403.97
LESS:	69 750 063.70	64 367 588.00
Unspent Conditional Grants	14 220 307.81	10 355 976.00
Current portion long term liabilities	674 390.89	674 390.00
Provision for staff leave	4 756 311.00	4 756 311.00
Current Portion: Post Retirement Benefits	3 155 155.00	3 155 155.00
Current Portion: Alien Vegetation	2 623 859.00	2 623 859.00
Performance Bonus	509 294.00	509 294.00
Backlog on spending of budget	38 703 497.00	34 483 323.00
Trade Payables	2 225 386.00	5 202 617.00
Capital Budget	2 881 863.00	2 606 663.00
Sub total	56 151 312.16	49 010 815.97
	-	
PLUS:	5 579 459.00	3 741 691.00
VAT Receivable	2 950 442.00	1 574 437.00
Receivable Exchange 50%	2 629 017.00	2 167 254.00
Other receivables after impairment	-	
	61 730 771.16	52 752 506.97
LESS OTHER MATTERS:		
Capital Replacement Reserve	18 068 623.00	18 068 623.00
	-	
Sub Total	43 662 148.16	34 683 883.97
	-	
LESS: CONTIGENT LIABILITIES	22 684 471.00	22 684 471.00
F du Toit (Vicbay Theft)	376 750.00	376 750.00
Claim from Lefatshe Computer Systems	14 007 721.00	14 007 721.00
Claim from Department of Public Works (Correctional Services Uniondale)	8 300 000.00	8 300 000.00
A Lamont	-	
	-	
Surplus / (Deficit)	20 977 677.16	11 999 412.97

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Debtors' analysis

Supporting Table SC3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M11 May								
Description	NT Code	Budget Year 2014/15						Actual Bad Debts Written Off against Debtors
		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	40	32	25	2 850	2 947	2 850	
Interest on Arrear Debtor Accounts	1810					-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820					-	-	
Other	1900	1 398	60	64	5 888	7 410	5 888	
Total By Income Source	2000	1 439	91	89	8 738	10 357	8 738	-
2013/14 - totals only								
Debtors Age Analysis By Customer Group								
Organs of State	2200					-	-	
Commercial	2300					-	-	
Households	2400	60	52	43	2 172	2 326	2 172	
Other	2500	1 379	40	46	6 567	8 031	6 567	
Total By Customer Group	2600	1 439	91	89	8 738	10 357	8 738	-

Write-offs to the value of R1.2m was processed on long outstanding accounts during May 2015. This is reflective in the balances of outstanding accounts of R8.7m compared to the amount of R9.9m for April 2015. Further steps and processes needs to be implemented to ensure improvement of the outstanding debt balances. Additional capacity has been added to the debtor system from end of May 2015.

Section 5 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M11 May						
Description	NT Code	Budget Year 2014/15				Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	Total	
R thousands						
Creditors Age Analysis By Customer Type						
Bulk Electricity	0100				-	
Bulk Water	0200				-	
PAYE deductions	0300	1 205			1 205	
VAT (output less input)	0400				-	
Pensions / Retirement deductions	0500	1 111			1 111	
Loan repayments	0600				-	
Trade Creditors	0700				-	
Auditor General	0800	-			-	
Other	0900				-	
Total By Customer Type	1000	2 315	-	-	2 315	-

Creditors section is busy with a total overhaul of their operating procedures. Standard operating procedures will be compiled and various challenges will be addressed that was hindering better reporting in terms of Creditors.

This should improve the reporting in future in terms of outstanding creditors but for the time being year to date the status quo will maintain.

Section 6 – Investment portfolio analysis

6.1 Investment monitoring information

	Balance as at 01 May 2015	Movements for the month			Balance as at 31 May 2015	Interest earned Month	Interest earned Year to date
		Investments matured	Investments made	Interest capitalised			
<i>Eden district municipality</i>							
<i>Interest Received YTD</i>					-		4 151 060.16
<i>Standard Bank</i>	-		-27 000 000.00		27 000 000.00	-	-
<i>FNB</i>	-		-27 000 000.00		27 000 000.00	-	-
<i>ABSA</i>	-		-27 000 000.00		27 000 000.00	-	-
<i>Nedbank</i>	-		-27 000 000.00		27 000 000.00	-	-
<i>Standard Bank - Bank Guarantee investment</i>	6 378 762.00				6 378 762.00		-
BANK DEPOSITS	6 378 762.00	-	-108 000 000.00	-	114 378 762.00	-	4 151 060.16

Short term investments totals R108,000,000. No investment matured in May 2015, therefore R0 interest on investment income reported for the period.

This total represents the investments with the four major banking institutions. The municipal practice is to invest access funds on short-term investments not to tie up the cash balances but to ensure maximisation of interest.

This is done in line with the Cash Management and Investment policy of council.

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 - M11 May										
Description	Ref	2013/14	Budget Year 2014/15							
		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:		139 393	167 213	167 213	-	166 647	153 279	10 817	7.1%	167 213
Local Government Equitable Share		129 669	134 097	134 097		134 097	122 922	11 175	9.1%	134 097
Finance Management		1 250	1 250	1 250		1 250	1 146			1 250
Municipal Systems Improvement		890	934	934		934	856			934
EPWP Incentive		1 000	1 000	1 000		1 000	917			1 000
Municipal Disaster Recovery Grant		6 584	27 432	27 432		27 432	25 146			27 432
LG: Bulk Water and Waste Water infrastruct.	3		2 500	2 500		1 934	2 292	(358)	-15.6%	2 500
Other transfers and grants [insert description]										
Provincial Government:		1 704	2 847	1 780	-	1 780	1 632	148	9.1%	1 780
Intergrated Transport Planning - PT		604	900	900	-	900	825	75	9.1%	900
Nelson Mandela Memorial		150								
WC FMG Assistance		550								
WC Support - Provincial Treasury	4	400								
Rural Roads Asset Management Systems			1 947							
PT WC FMG Grant				880		880	807	73	9.1%	880
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]										
Total Operating Transfers and Grants	5	141 097	170 060	168 993	-	168 427	154 910	10 965	7.1%	168 993

All grants as promulgated by National and Provincial treasury was received to date ending 31 May 2015. The exception is the LG Bulk Water and Waste water infrastructure grant. This grant is received on a claim basis and the municipality is in the process of securing the balance for future spending. An application was submitted to the Department of Water affairs to ensure the balance is being made available for council spending.

7.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M11 May										
Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:										
		139 393	167 213	167 213	3 843	30 772	153 279	(122 506)	-79.9%	167 213
Local Government Equitable Share		129 669	134 097	134 097	-	-	122 922	(122 922)	-100.0%	134 097
Finance Management		1 250	1 250	1 250	158	920	1 146	(226)	-19.7%	1 250
Municipal Systems Improvement		890	934	934	(67)	828	856	(28)	-3.2%	934
EPWP Incentive		1 000	1 000	1 000	186	770	917	(147)	-16.1%	1 000
Municipal Disaster Recovery Grant		6 584	27 432	27 432	3 566	26 069	25 146	923	3.7%	27 432
LG: Bulk Water and Waste Water infrastruc.			2 500	2 500		2 186	2 292	(106)	-4.6%	2 500
Other transfers and grants [insert description]								-		
Provincial Government:										
		1 554	2 847	1 780	4	384	1 632	(1 247)	-76.4%	1 780
Intergrated Transport Planning - PT		604	900	900	-	-	825	(825)	-100.0%	900
WC FMG Assistance		550						-		
WC Support - Provincial Treasury		400				208		208	#DIV/0!	
Rural Roads Asset Management Systems			1 947					-		
PT WC FMG Grant				880	4	176	807	(631)	-78.2%	880
District Municipality:										
		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:										
		-	-	-	-	-	-	-		-
[insert description]								-		
Total operating expenditure of Transfers and Grants:		140 947	170 060	168 993	3 847	31 156	154 910	(123 754)	-79.9%	168 993

Performance reporting on grants will be enhanced to ensure compliance with the Division of Revenue Act that stipulates reporting on all grant performance should be done from the receiving officer.

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 - M11 May										
Category of Employee and Councillor remuneration	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 199	5 016	5 969	61	4 835	5 472	(637)	-12%	5 016
Pension and UIF Contributions		107	135	107	10	114	98	15	16%	135
Medical Aid Contributions		107	180	107	26	195	98	97	99%	180
Motor Vehicle Allowance		1 223	1 709	1 223	162	1 335	1 121	214	19%	1 709
Cellphone Allowance		282	558	267	26	287	245	42	17%	558
Housing Allowances										
Other benefits and allowances		50	107	50			46	(46)	-100%	107
Sub Total - Councillors		6 969	7 705	7 723	286	6 766	7 079	(314)	-4%	7 705
% increase	4		10.6%	10.8%						10.6%
Senior Managers of the Municipality										
Basic Salaries and Wages		3 266	3 150	3 266	269	3 088	2 994	94	3%	3 150
Pension and UIF Contributions		417	607	417	43	433	382	50	13%	607
Medical Aid Contributions		61	65	61	4	39	56	(17)	-30%	65
Overtime										
Performance Bonus		507	485	325		364	298	66	22%	485
Motor Vehicle Allowance		369	471	369	41	448	338	110	32%	471
Cellphone Allowance		12	41	12	4	64	11	53	486%	41
Housing Allowances		84	84	84	7	77	77			84
Other benefits and allowances										
Payments in lieu of leave			45							45
Long service awards										
Post-retirement benefit obligations	2									
Sub Total - Senior Managers of Municipality		4 716	4 949	4 534	368	4 512	4 156	356	9%	4 949
% increase	4		4.9%	-3.9%						4.9%
Other Municipal Staff										
Basic Salaries and Wages		86 917	111 662	57 613	4 512	49 350	52 812	(3 462)	-7%	111 662
Pension and UIF Contributions		18 332	11 604	11 424	839	9 749	10 472	(723)	-7%	11 604
Medical Aid Contributions		13 993	6 705	8 150	662	6 957	7 471	(514)	-7%	6 705
Overtime		1 460	1 245	1 027	98	1 104	941	162	17%	1 245
Performance Bonus		(147)		35			32	(32)	-100%	
Motor Vehicle Allowance		8 241	6 037	5 863	556	6 331	5 374	956	18%	6 037
Cellphone Allowance		133	596	119	1	6	109	(103)	-95%	596
Housing Allowances		823	565	516	42	516	473	43	9%	565
Other benefits and allowances		2 822	2 372	692	53	521	634	(113)	-18%	2 372
Payments in lieu of leave		6 511	4 228	4 342		4 075	3 980	95	2%	4 228
Long service awards		158	750							750
Post-retirement benefit obligations	2	2 095	4 324							4 324
Sub Total - Other Municipal Staff		141 339	150 086	89 781	6 762	78 608	82 299	(3 691)	-4%	150 086
% increase	4		6.2%	-36.5%						6.2%
Total Parent Municipality		153 023	162 740	102 038	7 415	89 887	93 535	(3 648)	-4%	162 740

Salary and council remuneration totals R89,887,058 at 31 May 2015. This represents 88% of the total salary and councillor remuneration budget. Various vacancies were budgeted during the adjustment budget. Some of these vacancies is still not filled and processes are underway to address is with the human resource section.

The municipality is in the process of implementing various strategies to reduce the staff related cost and the positive fruits of these endeavours are expected within the next two financial years.

Section 9 – Municipal manager’s quality certification

NAVRAE:
ENQUIRIES: S Stanley

KONTAKNR:
CONTACT NO: D44 803 1343

VERW:
REF: 8/18/7/2014-2015

KANTOOR:
OFFICES: George

DATUM:
DATE: 05 June 2015



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 ended **31 MAY 2015** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name G.W Louw

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

Signature [Signature]

Date 10/06/15