

**REPORT: SECTION 71 FINANCIAL MANAGEMENT REPORT (FMR)**  
***VERSLAG: SEKSIE 71 FINANSIELE BESTUURS VERSLAG***

*()*

(6/18/7)

08 November 2013

**REPORT FROM THE ACCOUNTING OFFICER (GW LOUW)**

**PURPOSE OF THE REPORT**

The report is tabled to present the FINANCIAL MANAGEMENT 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

Municipal Budget and Reporting Regulations, 17 April 2009

## **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 30 September 2013 be noted.

## **AANBEVELING**

*Dat kennis geneem word van die inhoud van die Finansiële Bestuursverslag wat ingedien was vir die maand geëindig 30 September 2013.*

## **ANNEXURES**

Section 71 report

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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 31 October 2013;

## **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 October 2013 year to date.

### **2.2 Consolidated performance**

#### **2.2.1 Against annual budget (original)**

##### **Revenue by source**

Year to date operating revenue reflects for the month ending October 2013 is 39%. This is mainly due to the Equitable Share RSC replacement grant that was received in the 1<sup>st</sup> quarter.

##### **Operating revenue by type**

Currently expenditure is 23% or R40.5m. Excluding the non-cash items from the calculations will results in expenditure reflection a 27% spending level.

### **2.3 Material variances from SDBIP**

Service Delivery and Budget Implementation plan variances is not dealt with as part of this report. The municipality mainly processed adjustment to the SDBIP during the January Adjustment budget process.

### **2.4 Remedial or corrective steps**

This will be dealt with during the adjustment budget process in January 2014.

### **2.6 Conclusion**

The municipality is in the process of implementing various changes in the reporting formats. This is to bring the reporting in line with the requirements of the Municipal Finance Management Act and the Municipal Budget and Reporting Regulations. This process is on-going and will result in various changes in the way information is presented to Council in future.



## **Section 3 – In-year budget statement tables**

### **3.1 Monthly budget statements**

#### **3.1.1 Table C1: s71 Monthly Budget Statement Summary**



### **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 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

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M04 October

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
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Standard</b>										
Governance and administration		178 326	171 640	-	3 666	67 006	87 213	9 792	17%	171 640
Executive and council		168 962	170 528	-	3 666	67 006	56 843	10 163	18%	170 528
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		1 364	1 112	-	-	-	371	(371)	-100%	1 112
Community and public safety		5 145	4 713	-	475	2 063	1 588	495	32%	4 713
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		4 985	4 553	-	460	1 958	1 518	480	32%	4 553
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		160	160	-	15	55	40	15	37%	160
Economic and environmental services		475	50	-	-	91	17	74	446%	50
Planning and development		-	-	-	-	4	-	4	#DIV/0!	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		475	50	-	-	87	17	70	422%	50
Trading services		327	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		327	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	<b>178 273</b>	<b>176 403</b>	<b>=</b>	<b>4 140</b>	<b>69 149</b>	<b>58 788</b>	<b>18 362</b>	<b>18%</b>	<b>176 403</b>
<b>Expenditure - Standard</b>										
Governance and administration		83 011	92 559	=	5 658	19 446	30 853	(11 407)	-37%	92 559
Executive and council		35 819	44 270	-	2 471	6 608	14 757	(8 149)	-55%	44 270
Budget and treasury office		21 007	20 012	-	1 194	5 112	6 371	(1 539)	-23%	20 012
Corporate services		26 185	28 276	-	1 992	7 726	9 425	(1 699)	-18%	28 276
Community and public safety		61 675	60 970	=	4 163	16 217	20 323	(4 106)	-20%	60 970
Community and social services		3 546	2 940	-	180	737	580	(242)	-25%	2 940
Sport and recreation		7 089	8 008	-	533	1 995	2 669	(675)	-25%	8 008
Public safety		27 956	25 608	-	1 578	6 070	8 536	(2 466)	-29%	25 608
Housing		-	-	-	-	-	-	-	-	-
Health		23 084	24 414	-	1 871	7 415	8 138	(723)	-9%	24 414
Economic and environmental services		24 963	18 506	-	1 029	3 662	6 169	(2 507)	-41%	18 506
Planning and development		7 853	7 092	-	391	1 563	2 364	(801)	-34%	7 092
Road transport		592	1 152	-	-	-	384	(384)	-100%	1 152
Environmental protection		16 518	10 263	-	638	2 100	3 421	(1 322)	-39%	10 263
Trading services		5 888	3 013	=	680	1 240	1 004	235	23%	3 013
Electricity		-	-	-	-	-	-	-	-	-
Water		2 600	505	-	567	797	168	629	373%	505
Waste water management		63	458	-	-	-	153	(153)	-100%	458
Waste management		3 026	2 049	-	113	443	683	(240)	-35%	2 049
Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>175 337</b>	<b>175 047</b>	<b>-</b>	<b>11 529</b>	<b>40 565</b>	<b>58 349</b>	<b>(17 784)</b>	<b>-30%</b>	<b>175 047</b>
<b>Surplus/ (Deficit) for the year</b>		<b>936</b>	<b>1 355</b>	<b>=</b>	<b>(7 388)</b>	<b>28 584</b>	<b>438</b>	<b>28 146</b>	<b>6419%</b>	<b>1 355</b>

**Operating Revenue:**

The financial performance shows that most of the municipal funds are received under Executive and Council. This is because the municipality budgets most of its income under the Governance and administration functions of the GFS classification.

The operating revenue reflects a 39% year to date reported income. This is mainly due to the RSC replacement levy equitable share funds received during July 2013.

Sport and recreation reported below par income levels for the quarter under review. This is mainly because of the seasonal factor of the income of the resorts. Most of the income will be received during the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the financial year.

### **Operating Expenditure**

Operating expenditure budget reflects a 23.2% spending year to date. Excluding the non-items from the budget, that is Provisions, Depreciation, Bad debts the spending % is calculated as 27%. This is a good performance for the municipality year to date. The municipality implement various cost savings measures to ensure that council's funds are used economically, effectively and efficiently.

### 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) - M04 October

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	-	3 666	67 006	56 843	10 163	17.9%	170 528
Vote 2 - BUDGET AND TREASURY OFFICE			-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES			1 364	1 112	-	-	-	371	(371)	-100.0%	1 112
Vote 4 - PLANNING AND DEVELOPMENT			-	-	-	-	4	-	4	NDIVM	-
Vote 5 - PUBLIC SAFETY			-	-	-	-	-	-	-	-	-
Vote 6 - HEALTH			160	160	-	15	55	53	1	2.8%	160
Vote 7 - COMMUNITY & SOCIAL SERVICES			-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION			4 985	4 553	-	460	1 998	1 518	480	31.6%	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	-	-	87	17	70	422.2%	50
Total Revenue by Vote		2	176 273	176 403	=	4 140	69 149	58 801	10 348	17.6%	176 403
Expenditure by Vote		1									
Vote 1 - EXECUTIVE AND COUNCIL			35 819	44 270	-	2 471	6 608	14 757	(8 149)	-55.2%	44 270
Vote 2 - BUDGET AND TREASURY OFFICE			21 007	20 012	-	1 194	5 112	6 671	(1 559)	-23.4%	20 012
Vote 3 - CORPORATE SERVICES			26 185	28 276	-	1 992	7 726	9 425	(1 699)	-18.0%	28 276
Vote 4 - PLANNING AND DEVELOPMENT			7 853	7 092	-	391	1 563	2 364	(801)	-33.9%	7 092
Vote 5 - PUBLIC SAFETY			27 956	25 608	-	1 578	6 070	8 536	(2 466)	-28.9%	25 608
Vote 6 - HEALTH			23 084	24 414	-	1 871	7 415	8 138	(723)	-8.9%	24 414
Vote 7 - COMMUNITY & SOCIAL SERVICES			3 546	2 940	-	190	737	990	(242)	-24.7%	2 940
Vote 8 - SPORT & RECREATION			7 089	8 008	-	533	1 995	2 669	(675)	-25.3%	8 008
Vote 9 - HOUSING			-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT			3 026	2 049	-	113	443	683	(240)	-35.2%	2 049
Vote 11 - ROAD TRANSPORT			592	1 152	-	-	-	384	(384)	-100.0%	1 152
Vote 12 - WASTE WATER MANAGEMENT			63	458	-	-	-	153	(153)	-100.0%	458
Vote 13 - WATER			2 600	505	-	567	797	168	629	373.4%	505
Vote 14 - ELECTRICITY			-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT			16 518	10 263	-	638	2 100	3 421	(1 322)	-38.6%	10 263
Total Expenditure by Vote		2	175 237	175 847	=	11 529	48 965	58 349	(17 384)	-30.8%	175 847
Surplus/ (Deficit) for the year		2	936	1 355	=	(7 388)	28 584	452	28 132	6227.0%	1 355

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

### 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) - M04 October

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										
<b>Revenue By Source</b>										
Property sales								-		
Property sales - 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		1 791	1 889		109	683	630	53	8%	1 889
Interest earned - external investments		1 991	2 051		96	1 360	684	676	99%	2 051
Interest earned - outstanding debtors								-		
Dividends received								-		
Fines								-		
Licences and permits								-		
Agency services		12 511	13 780		2 070	4 983	4 593	390	8%	13 780
Transfers recognised - operational		128 949	133 413			57 173	44 471	12 702	29%	133 413
Other revenue		31 031	17 270		1 865	4 950	5 757	(806)	-14%	17 270
Gains on disposal of PPE			8 000				2 667	(2 667)	-100%	8 000
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>176 273</b>	<b>176 402</b>	<b>=</b>	<b>4 140</b>	<b>68 149</b>	<b>58 891</b>	<b>10 348</b>	<b>18%</b>	<b>176 402</b>
<b>Expenditure By Type</b>										
Employee related costs		88 009	91 952		6 473	27 037	30 651	(3 614)	-12%	91 952
Remuneration of councillors		6 871	6 954		556	2 228	2 318	(90)	-4%	6 954
Debt impairment		1 054	650				217	(217)	-100%	650
Depreciation & asset impairment		8 136	8 136				2 712	(2 712)	-100%	8 136
Finance charges		750	585			123	195	(72)	-37%	585
Bulk purchases								-		
Other materials								-		
Contracted services		17 266	11 330		580	2 439	3 777	(1 338)	-35%	11 330
Transfers and grants		8 996	3 744			587	1 248	(661)	-53%	3 744
Other expenditure		44 235	51 687		3 720	8 152	17 232	(9 080)	-53%	51 697
Loss on disposal of PPE								-		
<b>Total Expenditure</b>		<b>175 337</b>	<b>175 048</b>	<b>=</b>	<b>11 529</b>	<b>40 565</b>	<b>58 349</b>	<b>(17 784)</b>	<b>-36%</b>	<b>175 048</b>
<b>Surplus/(Deficit)</b>		<b>936</b>	<b>1 354</b>	<b>=</b>	<b>(7 388)</b>	<b>28 584</b>	<b>451</b>	<b>28 133</b>	<b>8</b>	<b>1 354</b>
Transfers recognised - capital								-		
Contributions recognised - capital								-		
Contributed assets								-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>936</b>	<b>1 354</b>	<b>=</b>	<b>(7 388)</b>	<b>28 584</b>	<b>451</b>			<b>1 354</b>
Taxation								-		
<b>Surplus/(Deficit) after taxation</b>		<b>936</b>	<b>1 354</b>	<b>=</b>	<b>(7 388)</b>	<b>28 584</b>	<b>451</b>			<b>1 354</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>936</b>	<b>1 354</b>	<b>=</b>	<b>(7 388)</b>	<b>28 584</b>	<b>451</b>			<b>1 354</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>936</b>	<b>1 354</b>	<b>=</b>	<b>(7 388)</b>	<b>28 584</b>	<b>451</b>			<b>1 354</b>

#### 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:

Mainly reflects the income received from the business activities relating to the Resorts. Due to the seasonal nature of the resorts most of the income will only be received during the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the financial year.

#### Interest earned – External Investments:

As reported previously, the finance department applies a vigorous approach whereby all funds not required for operational activities are invested on a monthly basis. The municipality budget conservatively for interest on Investment Income during the budget process. This will require adjustments to the budget. Year to date investment income reflects a 66% performance.

#### Transferred recognised – operational

Mainly consist of RSC Replacement Equitable share grant. This grant is used to fund the operational activities of council. The 1<sup>st</sup> instalment of the grant was received in July 2013.

#### **Expenditure by Type**

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

#### Employee Related cost / Remuneration of councillors

See explanation further in the documents

#### Debt Impairment / Depreciation and asset impairment

As explained above this in non-cash items of council. Finance is in the process of implementation processes to ensure that the financial system can account.

#### 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.

#### Contracted services

Total spent to date are 33.3%, this is on par in terms of operational performance.

#### Other expenditure

Other expenditure accounted for 29.5% of the spending year to date ending 31 October 2013. Details of other expenditure include the following



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

Variances explained in Supporting Table C1

DC4 Eden - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M04 October

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
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - EXECUTIVE AND COUNCIL		300	-	-	-	-	-	-		-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-		-
Vote 3 - CORPORATE SERVICES		340	225	-	(1)	3	75	(72)	-96%	225
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-		-
Vote 5 - PUBLIC SAFETY		-	400	-	-	-	133	(133)	-100%	400
Vote 6 - HEALTH		-	-	-	-	-	-	-		-
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-		-
Vote 8 - SPORT & RECREATION		295	250	-	-	-	83	(83)	-100%	250
Vote 9 - HOUSING		-	-	-	-	-	-	-		-
Vote 10 - WASTE MANAGEMENT		-	8 000	-	-	-	2 667	(2 667)	-100%	8 000
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-		-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-		-
Vote 13 - WATER		-	-	-	-	-	-	-		-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-		-
Vote 15 - ENVIRONMENTAL MANAGEMENT		-	-	-	-	-	-	-		-
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	<b>935</b>	<b>8 875</b>	<b>-</b>	<b>(1)</b>	<b>3</b>	<b>2 958</b>	<b>(2 955)</b>	<b>-100%</b>	<b>8 875</b>
<b>Single Year expenditure appropriation</b>	<b>2</b>									
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		-	-	-	-	-	-	-		-
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Total Capital Expenditure</b>		<b>935</b>	<b>8 875</b>	<b>-</b>	<b>(1)</b>	<b>3</b>	<b>2 958</b>	<b>(2 955)</b>	<b>-100%</b>	<b>8 875</b>

The municipal capital budget mainly consists of the project: Regional Landfill site. This project is funded from the Sale of Land. Currently no progress is made in terms of these activities. The municipality needs to account as to the process going ahead with the project. Other capital items account for 9.8% of the capital budget. Spending is as per the operational requirements.

### 3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M04 October

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

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 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.

### 3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M04 October

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									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Ratespayers and other		500	33 249		4 044	10 616	11 083	(467)	-4%	33 249
Government - operating		1 500	133 413			57 173	44 471	12 702	29%	133 413
Government - capital										
Interest		2 350	2 051		96	1 360	684	676	99%	2 051
Dividends										
Payments										
Suppliers and employees		(9 479)	(146 091)		(10 544)	(38 691)	(48 697)	(10 006)	21%	(146 091)
Finance charges		(750)	(985)			(123)	(328)	(206)	63%	(985)
Transfers and Grants		(4 892)	(3 744)		(984)	(1 751)	(1 248)	503	-40%	(3 744)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(18 771)</b>	<b>17 893</b>	<b>-</b>	<b>(7 388)</b>	<b>28 584</b>	<b>5 964</b>	<b>22 626</b>	<b>379%</b>	<b>17 893</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE			8 000				2 667	(2 667)	-100%	8 000
Decrease (increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments					(50 000)	(90 756)		(90 756)	#DIV/0!	
Payments										
Capital assets		(935)	-		(1)	(3)	-	3	#DIV/0!	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(935)</b>	<b>8 000</b>	<b>-</b>	<b>(50 001)</b>	<b>(90 756)</b>	<b>2 667</b>	<b>93 425</b>	<b>3503%</b>	<b>8 000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(11 706)</b>	<b>25 893</b>	<b>-</b>	<b>(57 389)</b>	<b>(62 174)</b>	<b>8 631</b>			<b>25 893</b>
Cash/cash equivalents at beginning:			25 893			85 559	25 893			85 559
Cash/cash equivalents at month/year end:		(11 706)	51 786	-		23 385	34 524			111 452

Finance currently struggles with reporting on cash flow information on a regular basis. This is mainly due to the operating systems of the municipality not being able to provide the information. We are in the process of addressing this issue and as soon as it's finalised we will improve reporting on cash flow.

The closing balance of the cash flow report is a true reflection of council's financial position in terms of cash flow. This balance is comprised of R50m on short-term investments and an operational balance of R35.5m. As discussed in the above document these funds are mainly the RSC replacement EQS grant received from National Treasury that is funding the operational activities of council.

## PART 2 – SUPPORTING DOCUMENTATION

### Section 4 – Debtors' analysis

#### Supporting Table C3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2013/14										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o 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	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	96	179	42	3 349					3 666	3 349		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	700	330	352	6 035					7 417	6 035		
Total By Income Source	2000	796	509	394	9 384	-	-	-	-	11 083	9 384	-	-
2012/13 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200				92					-	-		
Commercial	2300				648					92	92		
Households	2400	71	70	32	648					821	648		
Other	2500	724	440	362	8 643					10 169	8 643		
Total By Customer Group	2600	796	509	394	9 384	-	-	-	-	11 083	9 384	-	-

Debtor management needs to be improved. The municipality currently does not have an approved Credit Control and Debt Collection policy in place. Administration is however in the process of compiling a policy register and this policy was identified as one of the policies that need to be tabled with the Draft Budget for review by council. Finance is in the process of compiling this policy and all other related policies that are required in terms of legislation.

One of the Key performance indicators of finance is the compilation of a quarterly report for submission to council in terms of the irrecoverable debt owed to council. This is being addressed by finance and as soon as the report is finalised, debtor management should improved.

The municipality currently has debtor of R11.083m of which R9.3m is debtor's older than 90 days.

## Section 5 – Creditors' analysis

### Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Description	NT Code	Budget Year 2013/14								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	1 063								1 063
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500	1 060								1 060
Loan repayments	0600									-
Trade Creditors	0700									-
Auditor General	0800	876								876
Other	0900									-
Total By Customer Type	1000	2 999	-	-	-	-	-	-	-	2 999

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.

## Section 6 – Investment portfolio analysis

### 6.1 Investment monitoring information

			Movements for the month						
		Balance as at 01 Oct 2013	Investments matured	Investments made	Balance as at 31 Oct 2013	Interest earned		Interest earned	
						Month	Yield	Year to date	Yield
Eden district municipality	Account number	-			-		5.00%	791 765.03	
Standard Bank		-12 500 000.00			-12 500 000.00	-	5.00%	-	
FNB		-12 500 000.00			-12 500 000.00	-	4.90%	-	
ABSA		-12 500 000.00			-12 500 000.00	-	5.00%	-	
Nedbank		-12 500 000.00			-12 500 000.00	-		-	
					-	-		-	
BANK DEPOSITS		-50 000 000.00	-	-	-50 000 000.00	-	4.98%	791 765.03	-

As reported previously the administration rigorously implements a strategy of maximising council's funds to ensure optimal utilisation of resources. The report reflects the interest received to date and the amount of funds currently being invested.

The municipality invest mainly with the four (4) major banks as required by the investment regulations of National Treasury.

Currently, the investment of council access funds not utilised in operation. To date is outperforming council's projections for the financial year due to the diligent implementation of the investment strategy by 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 - M04 October

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										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
National Government:		128 919	132 809	–	–	56 589	22 135	32 651	147.5%	132 809
Local Government Equitable Share		125 669	129 669			54 029	21 612	32 418	150.0%	129 669
Finance Management		1 250	1 250			1 250	208			1 250
Municipal Systems Improvement		1 000	890			890	148			890
EPWP Incentive	3	1 000	1 000			400	167	233	140.0%	1 000
								–		
								–		
Other transfers and grants [insert description]								–		
Provincial Government:		–	–	–	–	–	–	–		–
								–		
								–		
Other transfers and grants [insert description]	4							–		
District Municipality:		–	–	–	–	–	–	–		–
[insert description]								–		
Other grant providers:		–	604	–	–	604	101	503	500.0%	–
Integrated Transport Planning - PT			604			604	101	503	500.0%	
								–		
<b>Total Operating Transfers and Grants</b>	5	128 919	133 413	–	–	57 173	22 236	33 154	149.1%	132 809

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 of levy EQS
- Finance Management grant
- Municipal Systems Improvement Grant
- EPWP
- Integration Transport Grant



## 7.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M04 October

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										
<b>EXPENDITURE</b>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		128 949	132 809	–	314	901	22 135	(21 234)	-95.9%	132 809
Local Government Equitable Share		125 699	129 669				21 612	(21 612)	-100.0%	129 669
								–		
Finance Management		1 250	1 250		165	638	208	430	206.4%	1 250
Municipal Systems Improvement		1 000	890				148	(148)	-100.0%	890
EPWP Incentive		1 000	1 000		149	263	167	96	57.6%	1 000
Other transfers and grants [insert description]								–		
Provincial Government:		–	–	–	–	–	–	–		–
								–		
								–		
								–		
Other transfers and grants [insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Other grant providers:		–	604	–	–	–	50	(50)	-100.0%	604
								–		
Integrated Transport Planning - PT			604				50	(50)	-100.0%	604
Total operating expenditure of Transfers and Grants:		128 949	133 413	–	314	901	22 185	(21 284)	-95.9%	133 413

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

Finance is in the process of enhancing the DORA reporting with the compilation of a comprehensive report to strengthen the oversight role of council. This report will be implemented within the next reporting cycle and should improve reporting on grant funds

## 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 - M04 October

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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		5 691	5 199		405	1 621	1 733	(112)	-6%	5 199
Pension and UIF Contributions		116	107		10	40	36	4	11%	107
Medical Aid Contributions		30	107		12	42	36	6	17%	107
Motor Vehicle Allowance		526	1 223		108	442	408	34	8%	1 223
Cellphone Allowance		508	267		21	84	89	(5)	-6%	267
Housing Allowances								-		
Other benefits and allowances			50				17	(17)	-100%	50
Sub Total - Councillors		6 871	6 953	-	556	2 228	2 318	(90)	-4%	6 953
% increase	4		1.2%							1.2%
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		2 275	3 266		247	988	1 089	(101)	-9%	3 266
Pension and UIF Contributions		251	417		41	140	139	1	1%	417
Medical Aid Contributions			61		3	13	20	(7)	-35%	61
Overtime								-		
Performance Bonus			325				108	(108)	-100%	325
Motor Vehicle Allowance		247	369		39	157	123	34	28%	369
Cellphone Allowance			12		1	4	4	-		12
Housing Allowances		84	84		7	28	28	-		84
Other benefits and allowances								-		
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Senior Managers of Municipality	2	2 857	4 534	-	338	1 330	1 511	(181)	-12%	4 534
% increase	4		58.7%							58.7%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		56 228	55 250		4 208	17 180	18 417	(1 236)	-7%	55 250
Pension and UIF Contributions		10 819	11 424		848	3 449	3 808	(359)	-9%	11 424
Medical Aid Contributions		6 861	8 150		562	2 061	2 717	(655)	-24%	8 150
Overtime		1 299	1 027		49	271	342	(71)	-21%	1 027
Performance Bonus		181	35				12	(12)	-100%	35
Motor Vehicle Allowance		7 063	5 863		570	2 318	1 954	363	19%	5 863
Cellphone Allowance		155	119				40	(40)	-100%	119
Housing Allowances		617	516		36	146	172	(26)	-15%	516
Other benefits and allowances		715	692		47	163	231	(68)	-29%	692
Payments in lieu of leave		4 071	4 342		17	117	1 447	(1 330)	-92%	4 342
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Other Municipal Staff	2	88 009	87 418	-	6 335	25 707	29 139	(3 433)	-12%	87 418
% increase	4		-0.7%							-0.7%
Total Parent Municipality		97 737	98 905	-	7 230	29 265	32 968	(3 703)	-11%	98 905

Council performance in terms of spending is on par with projections. This report highlights the spending on political office bearers, the senior managers, and other municipal staff separately.

Allocation of specific cost items in terms of salaries is still a challenge and needs to be addressed. The result is that some cost items might be reported incorrectly due to limitations in the salary system currently. These will be addressed in future by finance.

Various vacancies also exist and the non-filling of these posts in terms of council's moratorium on vacant posts also influences the performance of salary related cost.

**Section 9 – Municipal manager's quality certification**

NAVRAE: S Stanley  
ENCURIE:

KONTAKK: 044 803 1343  
CONTACT NO:

VERW: 6/18/7/2013-2014  
REF:

KWTOOR: George  
OFFICE:

DATUM: 14 November 2013  
DATE:



**QUALITY CERTIFICATE**

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

(mark as appropriate)

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

For the month of **OCTOBER 2013** (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 12/11/2013