

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

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(6/18/7)

16 OCTOBER 2014

**REPORT FROM THE CHIEF FINANCIAL OFFICER: FINANCIAL SERVICES (L
HOEK)**

PURPOSE OF THE REPORT

The report is tabled to present the FINANCIAL MANAGEMENT REPORT (FMR) 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

RELEVANT LEGISLATION

Municipal Finance Management Act, No 56 of 2003, section 71
Municipal Budget and Reporting Regulations, 17 April 2009

COMMENTS: MUNICIPAL MANAGER

COMMENTS: EXECUTIVE MANAGER: SUPPORT SERVICES

COMMENTS: CHIEF FINANCIAL OFFICER

COMMENTS: MANAGEMENT SERVICES

COMMENTS: LEGAL SERVICES

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 2014 be noted.

AANBEVELING

Dat kennis geneem word van die inhoud van die Finansiële Bestuursverslag wat ingedien was vir die maand geëindig 30 September 2014.

ISINDULULO

ANNEXURES

Section 71 report



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2014 - 2015

MONTHLY FINANCIAL REPORT

30 SEPTEMBER 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 , 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 September 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 September 2014 year to date.

2.2 Consolidated performance

2.2.1 Against annual budget (original)

Revenue by source

Operating revenue year to date for the Council's own budget totals R64,2m or 32% of the budgeted council revenue excluding Roads agency function income.

Operating Expenditure by type

Expenditure for the first quarter totals R30.6m or 15.3% of the total operating budget. Breakdown of these expenses will be presented further in the report.

Capital Expenditure

Capital expenditures reflect low spending for the quarter under review. This is mainly due to most operational planning request not being finalised in order to initiate implementation of the Capital budget. The main project in terms of council's capital budget, Regional Landfill Site is still on course and completion should be achieved within this financial year.

2.3 Material variances from SDBIP

Reporting on the SDBIP is done by the SDBIP section situated within the office of the Municipal Manager. An report will be complete and submitted with the section 52 report reporting on performance for the quarter.

2.4 Remedial or corrective steps

The remedial actions and the corrective steps are managed and monitored by the SDBIP official.

2.5 Conclusion

Detailed analysis of the municipal performance for the year ending 30 September 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 - M03 September									
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	-	423	1 352	1 125	227	20%	4 500
Transfers recognised - operational	141 197	170 060	-	-	55 664	42 515	13 149	31%	170 060
Other own revenue	131 931	134 257	-	2 705	7 163	33 564	(26 401)	-79%	134 257
Total Revenue (excluding capital transfers and contributions)	275 728	308 817	-	3 128	64 180	77 204	(13 024)	-17%	308 817
Employee costs	146 056	95 117	-	7 187	21 379	23 779	(2 400)	-10%	95 117
Remuneration of Councillors	6 969	7 705	-	599	1 786	1 926	(141)	-7%	7 705
Depreciation & asset impairment	8 136	8 322	-	691	691	2 081	(1 390)	-67%	8 322
Finance charges	485	530	-	80	80	133	(52)	-39%	530
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	4 244	36 253	-	104	534	9 063	(8 529)	-94%	36 253
Other expenditure	107 893	158 385	-	3 243	6 083	39 596	(33 513)	-85%	158 385
Total Expenditure	273 782	306 313	-	11 903	30 554	76 578	(46 024)	-60%	306 313
Surplus/(Deficit)	1 947	2 504	-	(8 775)	33 626	626	33 000	5272%	2 504
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 947	2 504	-	(8 775)	33 626	626	33 000	5272%	2 504
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 947	2 504	-	(8 775)	33 626	626	33 000	5272%	2 504
Capital expenditure & funds sources									
Capital expenditure	6 935	8 300	-	10	-	-	-	-	-
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	6 935	8 300	-	10	10	-	10	#DIV/0!	-
Total sources of capital funds	6 935	8 300	-	10	10	-	10	#DIV/0!	-
Financial position									
Total current assets	112 081	113 384	-	-	-	-	-	-	113 384
Total non current assets	533 338	532 282	-	-	-	-	-	-	532 282
Total current liabilities	74 736	67 533	-	-	-	-	-	-	67 533
Total non current liabilities	112 624	117 570	-	-	-	-	-	-	117 570
Community wealth/Equity	458 059	460 563	-	-	-	-	-	-	460 563
Cash flows									
Net cash from (used) operating	20 820	9 020	-	(8 775)	33 626	2 255	(31 371)	-1391%	9 020
Net cash from (used) investing	1 399	(5 766)	-	89 990	(133 065)	-	133 065	#DIV/0!	2 534
Net cash from (used) financing	(622)	(650)	-	-	-	-	-	-	(650)
Cash/cash equivalents at the month/year end	94 581	97 186	-	-	18 857	96 837	77 980	81%	129 200
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	699	421	352	10 553	-	-	-	-	12 025
Creditors Age Analysis									
Total Creditors	2 362	-	-	-	-	-	-	-	2 362

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September

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	-	2 670	62 765	49 144	13 621	28%	196 577
Executive and council		169 420	195 274	-	2 240	62 120	48 819	13 301	27%	195 274
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		1 112	1 302	-	430	646	326	320	98%	1 302
<i>Community and public safety</i>		5 122	6 024	-	418	1 315	1 506	(191)	-13%	6 024
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		4 962	5 855	-	400	1 264	1 464	(200)	-14%	5 855
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		160	169	-	19	51	42	9	21%	169
<i>Economic and environmental services</i>		99 994	106 132	-	-	9	26 533	(26 524)	-100%	106 132
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		99 869	106 000	-	-	-	26 500	(26 500)	-100%	106 000
Environmental protection		125	132	-	-	9	33	(24)	-73%	132
<i>Trading services</i>		80	84	-	40	90	21	69	326%	84
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	40	90	-	90	#DIV/0!	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		80	84	-	-	-	21	(21)	-100%	84
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	275 728	308 817	-	3 128	64 180	77 204	(13 024)	-17%	308 817
Expenditure - Standard										
<i>Governance and administration</i>		90 585	117 701	-	6 066	15 219	29 425	(14 207)	-48%	117 701
Executive and council		47 138	63 639	-	1 815	4 806	15 910	(11 104)	-70%	63 639
Budget and treasury office		16 295	24 699	-	1 840	4 514	6 175	(1 660)	-27%	24 699
Corporate services		27 152	29 363	-	2 411	5 898	7 341	(1 443)	-20%	29 363
<i>Community and public safety</i>		61 059	65 305	-	4 969	13 186	16 326	(3 140)	-19%	65 305
Community and social services		2 312	2 918	-	227	591	730	(139)	-19%	2 918
Sport and recreation		8 305	9 743	-	658	1 617	2 436	(819)	-34%	9 743
Public safety		26 839	25 179	-	1 924	4 812	6 295	(1 483)	-24%	25 179
Housing		-	-	-	-	-	-	-	-	-
Health		23 604	27 465	-	2 160	6 166	6 866	(700)	-10%	27 465
<i>Economic and environmental services</i>		117 747	118 237	-	694	1 746	2 336	(590)	-25%	118 237
Planning and development		8 456	6 909	-	539	1 363	1 727	(365)	-21%	6 909
Road transport		101 020	108 891	-	-	-	-	-	-	108 891
Environmental protection		8 272	2 436	-	155	383	609	(226)	-37%	2 436
<i>Trading services</i>		4 391	5 070	-	175	403	1 267	(864)	-68%	5 070
Electricity		-	-	-	-	-	-	-	-	-
Water		2 074	3 708	-	1	19	927	(908)	-98%	3 708
Waste water management		11	-	-	-	-	-	-	-	-
Waste management		2 305	1 362	-	174	385	340	44	13%	1 362
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	273 782	306 313	-	11 903	30 554	49 355	(18 802)	-38%	306 313
Surplus/ (Deficit) for the year		1 945	2 504	-	(8 775)	33 626	27 849	5 777	21%	2 504

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:

Revenue for the first period ending September consists mainly of the equitable share allocation of R53.08m received during the quarter. The municipality is in the process of finding new income sources to improve the income, however it is a cumbersome process and the effects will only be seen at a later stage of the financial year. Performance of other notably income is agency services that reflects a 24% performance year to date.

Operating Expenditure

Operating expenditure for the period totals R30.553m or 15.3% of the budgeted income in terms of Council's own funded budget. That is excluding the Roads Agency function. These expenditures consist mostly of Salary and Remuneration that totals 76% of the expenditure year to date.

DC4 Eden - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

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	-	2 240	62 120	48 819	13 301	27.2%	195 274
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1 112	1 302	-	430	646	326	320	98.4%	1 302
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Health		160	169	-	19	51	42	9	21.4%	-
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		4 962	5 855	-	400	1 264	1 464	(200)	-13.6%	5 855
Vote 9 - Waste Management		80	84	-	-	-	-	-	-	84
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	40	90	-	90	#DIV/0!	-
Vote 13 - Environmental Protection		125	132	-	-	9	33	(24)	-72.8%	-
Vote 14 - Roads Agency Function		99 869	106 000	-	-	-	26 500	(26 500)	-100.0%	-
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	275 728	308 817	-	3 128	64 180	77 183	(13 003)	-16.8%	202 516
Expenditure by Vote										
Vote 1 - Executive & Council	1	45 505	63 639	-	1 815	4 806	15 910	(11 104)	-69.8%	63 639
Vote 2 - Budget and Treasury Office		17 928	24 699	-	1 840	4 514	6 175	(1 660)	-26.9%	24 699
Vote 3 - Corporate Services		27 152	29 363	-	2 411	5 898	7 341	(1 443)	-19.7%	29 363
Vote 4 - Planning and Development		8 456	6 909	-	539	1 363	1 727	(365)	-21.1%	6 909
Vote 5 - Public Safety		26 838	25 179	-	1 924	4 812	6 295	(1 483)	-23.6%	25 179
Vote 6 - Health		23 604	27 465	-	2 160	6 166	6 866	(700)	-10.2%	27 465
Vote 7 - Community and Social Services		2 312	2 918	-	227	591	730	(139)	-19.0%	2 918
Vote 8 - Sport and Recreation		8 305	9 743	-	658	1 617	2 436	(819)	-33.6%	9 743
Vote 9 - Waste Management		2 305	1 362	-	174	385	340	44	12.9%	1 362
Vote 10 - Road Transport		1 152	2 891	-	-	-	723	(723)	-100.0%	2 891
Vote 11 - Waste Water Management		11	-	-	-	-	-	-	-	-
Vote 12 - Water		2 074	3 708	-	1	19	927	(908)	-98.0%	3 708
Vote 13 - Environmental Protection		8 272	2 437	-	155	383	609	(226)	-37.1%	2 437
Vote 14 - Roads Agency Function		99 869	106 000	-	-	-	26 500	(26 500)	-100.0%	106 000
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	273 782	306 313	-	11 903	30 554	76 578	(46 024)	-60.1%	306 313
Surplus/ (Deficit) for the year	2	1 946	2 504	-	(8 775)	33 626	605	33 021	5459.9%	(103 797)

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

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) - M03 September

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		210	393	589	(196)	-33%	2 357
Interest earned - external investments		2 601	4 500		423	1 352	1 125	227	20%	4 500
Interest earned - outstanding debtors					97	245		245	#DIV/0!	
Dividends received					-	-		-		
Fines					-	-		-		
Licences and permits					-	-		-		
Agency services		11 280	12 671		1 010	3 029	3 168	(138)	-4%	12 671
Transfers recognised - operational		141 197	170 060		-	55 664	42 515	13 149	31%	170 060
Other revenue		119 403	119 229		1 389	3 496	29 807	(26 311)	-88%	119 229
Gains on disposal of PPE					-	-		-		
Total Revenue (excluding capital transfers and contributions)		275 728	308 817	-	3 128	64 180	77 204	(13 024)	-17%	308 817
Expenditure By Type										
Employee related costs		146 056	95 117		7 187	21 379	23 779	(2 400)	-10%	95 117
Remuneration of councillors		6 969	7 705		599	1 786	1 926	(141)	-7%	7 705
Debt impairment		650	800		-	-	200	(200)	-100%	800
Depreciation & asset impairment		8 136	8 322		691	691	2 081	(1 390)	-67%	8 322
Finance charges		485	530		80	80	133	(52)	-39%	530
Bulk purchases					-	-		-		
Other materials					-	-		-		
Contracted services		10 372	9 975		1 073	2 396	2 494	(98)	-4%	9 975
Transfers and grants		4 244	36 253		104	534	9 063	(8 529)	-94%	36 253
Other expenditure		96 871	147 610		2 169	3 688	36 902	(33 215)	-90%	147 610
Loss on disposal of PPE					-	-		-		
Total Expenditure		273 782	306 313	-	11 903	30 554	76 578	(46 024)	-60%	306 313
Surplus/(Deficit)		1 947	2 504	-	(8 775)	33 626	626	33 000	0	2 504
Transfers recognised - capital								-		
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		1 947	2 504	-	(8 775)	33 626	626			2 504
Taxation								-		
Surplus/(Deficit) after taxation		1 947	2 504	-	(8 775)	33 626	626			2 504
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		1 947	2 504	-	(8 775)	33 626	626			2 504
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		1 947	2 504	-	(8 775)	33 626	626			2 504

Revenue by Source

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

Rental of facilities and equipment:

Performance for rental of facilities totals R393,270 of a total budget of R2,356,866. For the period ending September this totals an income of 16.7% received.

Interest earned – External Investments:

Interest earned for the period ending September totals R1.35m. Finance is continuously implementing a strategy where access funds is invested in short-term investments to bolster interest income.

Transferred recognised – operational

The first instalment of R 53,080,000 for the Equitable Share was received during July 2014. Financial Management Grant (FMG) and Municipal System Improvement Grant (MSIG) were also received 100% as well as 40% of the Expanded Public Works Program (EPWP) allocation.

Other revenue / Sundry income

Other revenue consist mainly of the agency function fees received from the Roads department

Gains on disposal of PPE (Sale of Land)

No income was recorded under the Gains on disposal of PPE.

Expenditure by Type

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

Employee Related cost / Remuneration of councillors

Employee and council remuneration expenditures totals R23.164m of the total expenses of R30.553m. Year to date this represent 76% of council expenditures. More details will be provided in section 8.

Debt Impairment / Depreciation and asset impairment

These items account for non-cash budgeted items.

Finance charges

Yearly repayments of the loans are processed in March and September. Payments were processed during the month of September in terms of the loans outstanding. Outstanding balance on council loan liability totals R1,149,897.91.

Contracted services

Contracted services of R2,395,954 is reflected in the financial results for the period 30 September 2014. This is mainly the contract workers employed in the fire fighting section.

Other expenditure

Other expenditure reflects all other expenses not identified. The spending on other expenditure is low and will pick up as the year progresses.

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) - M03 September										
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		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		485	1 000	-	10	-	-	-	-	-
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		400	1 300	-	-	-	-	-	-	-
Vote 6 - Health		250	-	-	-	-	-	-	-	-
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		-	200	-	-	-	-	-	-	-
Vote 9 - Waste Management		5 800	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	-	10	-	-	-	-	-

Variances explained in Supporting Table C5

The main capital project recorded is the Regional Landfill Site of R5,800,000 (purchase of land). This project, especially the transfer of the land in Eden District Municipality's name is in an advanced stage and will be concluded shortly in the contract phase.

The municipality plan to make big strides in completing the project within the current financial year.

The other capital projects will also commence in the near future after the completion of all the planning and SCM processes.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M03 September

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		94 582	95 686			95 686
Call investment deposits		–	–			–
Consumer debtors		6 784	6 757			6 757
Other debtors		4 402	4 402			4 402
Current portion of long-term receivables		2 534	2 534			2 534
Inventory		3 778	4 005			4 005
Total current assets		112 081	113 384	–	–	113 384
Non current assets						
Long-term receivables		39 724	37 190			37 190
Investments		–	–			–
Investment property		347 611	345 577			345 577
Investments in Associate		–	–			–
Property, plant and equipment		142 420	146 406			146 406
Agricultural		–	–			–
Biological assets		–	–			–
Intangible assets		3 541	3 068			3 068
Other non-current assets		41	41			41
Total non current assets		533 338	532 282	–	–	532 282
TOTAL ASSETS		645 419	645 666	–	–	645 666
LIABILITIES						
Current liabilities						
Bank overdraft		–	–			–
Borrowing		650	700			700
Consumer deposits		–	–			–
Trade and other payables		53 249	44 745			44 745
Provisions		20 837	22 087			22 087
Total current liabilities		74 736	67 533	–	–	67 533
Non current liabilities						
Borrowing		2 856	2 156			2 156
Provisions		109 768	115 414			115 414
Total non current liabilities		112 624	117 570	–	–	117 570
TOTAL LIABILITIES		187 360	185 103	–	–	185 103
NET ASSETS	2	458 059	460 563	–	–	460 563
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		456 412	458 916			458 916
Reserves		1 647	1 647			1 647
TOTAL COMMUNITY WEALTH/EQUITY	2	458 059	460 563	–	–	460 563

The financial statement section will only be able to implement monthly financial statements as soon as the Annual Financial Statements for the financial year 2013/2014 is completed.

This should greatly enhance the reporting of the financial position of the municipality. In the interim the status quo will maintain.

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M03 September

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		129 870	125 436		2 705	7 163	31 359	(24 196)	-77%	125 436
Government - operating		141 097	170 060			55 664	42 515	13 149	31%	170 060
Government - capital							-	-		-
Interest		2 601	4 500		423	1 352	1 125	227	20%	4 500
Dividends								-		-
Payments										
Suppliers and employees		(248 119)	(286 362)		(11 765)	(29 952)	(71 591)	(41 639)	58%	(286 362)
Finance charges		(485)	(530)				(133)	(133)	100%	(530)
Transfers and Grants		(4 144)	(4 084)		(139)	(602)	(1 021)	(419)	41%	(4 084)
NET CASH FROM/(USED) OPERATING ACTIVITIES		20 820	9 020	-	(8 775)	33 626	2 255	(31 371)	-1391%	9 020
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
Decrease (increase) in non-current investments					90 000	(133 055)		(133 055)	#DIV/0!	-
Payments										
Capital assets		(1 135)	(8 300)		(10)	(10)		10	#DIV/0!	
NET CASH FROM/(USED) INVESTING ACTIVITIES		1 399	(5 766)	-	89 990	(133 065)	-	133 065	#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)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(622)	(650)	-	-	-	-	-		(650)
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		72 984	94 582			118 296	94 582			118 296
Cash/cash equivalents at month/year end:		94 581	97 186			18 857	96 837			129 200

Cash flow balances reflect a surplus balance of R18.8m for the period ending September 2014. That is excluding the investment of R90m reported under section 6 below.

The municipality is implementing a rigid principle of ensuring that access funds not utilised in the operations are invested on short-term investments with the 4 major banks in the banking sector.

This process is followed to safeguard council funds and is in line with the policy approved by council during May.

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Debtors' analysis

Supporting Table SC3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September								
Description	NT Code	Budget Year 2014/15					Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days			
R thousands								
Debtors Age Analysis By Income Source								
Trade and Other Receivables from Exchange Transactions - Water	1200						-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300						-	-
Receivables from Non-exchange Transactions - Property Rates	1400						-	-
Receivables from Exchange Transactions - Waste Water Management	1500						-	-
Receivables from Exchange Transactions - Waste Management	1600						-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	209	15	46	3 381		3 651	3 381
Interest on Arrear Debtor Accounts	1810						-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820						-	-
Other	1900	490	405	306	7 172		8 374	7 172
Total By Income Source	2000	699	421	352	10 553		12 025	10 553
2013/14 - totals only							-	-
Debtors Age Analysis By Customer Group								
Organs of State	2200						-	-
Commercial	2300						-	-
Households	2400	178	48	48	718		993	718
Other	2500	521	373	304	9 835		11 032	9 835
Total By Customer Group	2600	699	421	352	10 553		12 025	10 553

Debtor management has significantly improved over the last couple of months with the implementation of various processes in the debtor section. Council levy interest on outstanding balances and this also enhanced the collection process.

Capacity within the debtor section is in the process of being addressed and as soon as this can be finalised the collection of debtors should also improve further.

A report needs to be compiled and submitted to council for the write-off of old outstanding debtors not recoverable. This will be done in due course.

Section 5 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description R thousands	NT Code	Budget Year 2014/15									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300	1 234								1 234	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500	1 128								1 128	
Loan repayments	0600									-	
Trade Creditors	0700									-	
Auditor General	0800	-								-	
Other	0900									-	
Total By Customer Type	1000	2 362	-	-	-	-	-	-	-	2 362	-

Creditors section is busy with a total overhaul of their operating procedures. Standard operation procedures are being developed and various challenges addressed that was hindering better performance 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

	Balance as at 01 Sept 2014	Movements for the month			Balance as at 30 Sept 2014	Interest earned	
		Investments matured	Investments made	Interest capitalised		Month	Year to date
<i>Eden district municipality</i>							
<i>Interest Received YTD</i>					-		559 572.36
<i>Standard Bank</i>	-		-22 500 000.00		22 500 000.00		-
<i>FNB</i>	-		-22 500 000.00		22 500 000.00		-
<i>ABSA</i>	-		-22 500 000.00		22 500 000.00		-
<i>Nedbank</i>	-		-22 500 000.00		22 500 000.00		-
	-						-
BANK DEPOSITS	-	-	-90 000 000.00	-	90 000 000.00	-	559 572.36

6.1 Investment monitoring information

Access funds not utilised in invested on short-term investments as per council policy. As above the total amount invested is split between the 4 main banks in the banking sector. This is done to reduce council risk. The total interest received year to date in terms of these short-term investments amounts to R559,572. This amount excludes the interest on the current account balances reflected above.

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 - M03 September										
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	-	-	55 664	41 803	18 931	45.3%	167 213
Local Government Equitable Share		129 669	134 097		-	53 080	33 524	19 556	58.3%	134 097
Finance Management		1 250	1 250		-	1 250	313			1 250
Municipal Systems Improvement		890	934		-	934	234			934
EPWP Incentive		1 000	1 000		-	400	250			1 000
Municipal Disaster Recovery Grant		6 584	27 432		-	-	6 858			27 432
LG: Bulk Water and Waste Water infrastruct.	3		2 500		-	-	625	(625)	-100.0%	2 500
								-		
								-		
								-		
Other transfers and grants [insert description]								-		
Provincial Government:		1 704	2 847	-	-	-	712	(712)	-100.0%	2 847
Intergrated Transport Planning - PT		604	900		-	-	225	(225)	-100.0%	900
Nelson Mandela Memorial		150			-		-			
WC FMG Assistance		550			-		-			
WC Support - Provincial Treasury	4	400			-		-			
Rural Roads Asset Management Systems			1 947		-		487	(487)	-100.0%	1 947
Other transfers and grants [insert description]					-		-			
Total Operating Transfers and Grants	5	141 097	170 060	-	-	55 664	42 515	18 219	42.9%	170 060

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
- Disaster Recovery grant – B municipalities

7.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September										
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	-	104	534	13 934	(13 400)	-96.2%	167 213
Local Government Equitable Share		129 669	134 097		-	-	11 175	(11 175)	-100.0%	134 097
Finance Management		1 250	1 250		61	162	104	57	55.1%	1 250
Municipal Systems Improvement		890	934		3	220	78	142	182.9%	934
EPWP Incentive		1 000	1 000		40	153	83	69	83.1%	1 000
Municipal Disaster Recovery Grant		6 584	27 432		-	-	2 286	(2 286)	-100.0%	27 432
LG: Bulk Water and Waste Water infrastruc			2 500		-	-	208	(208)	-100.0%	2 500
Other transfers and grants [insert description]								-		
Provincial Government:		1 554	2 847	-	-	-	237	(237)	-100.0%	2 847
Integrated Transport Planning - PT		604	900		-	-	75	(75)	-100.0%	900
WC FMG Assistance		550					-	-		-
WC Support - Provincial Treasury		400					-	-		-
Rural Roads Asset Management Systems			1 947		-	-	162	(162)	-100.0%	1 947
Other transfers and grants [insert description]								-		-
District Municipality:		-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		140 947	170 060	-	104	534	14 172	(13 637)	-96.2%	170 060

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.

The municipality will ensure that this is done with the next reporting cycle to council and the reporting will be included in the FMR report to ensure the same information is reported to the various reporting structures of council.

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 - M03 September										
of Employee and Councillor ren	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		415	1 252	1 254	(2)	0%	5 016
Pension and UIF Contributions		107	135		10	31	34	(3)	-8%	135
Medical Aid Contributions		107	180		15	46	45	1	1%	180
Motor Vehicle Allowance		1 223	1 709		132	379	427	(48)	-11%	1 709
Cellphone Allowance		282	558		26	78	140	(61)	-44%	558
Housing Allowances								-		
Other benefits and allowances		50	107				27	(27)	-100%	107
Sub Total - Councillors		6 969	7 705	-	599	1 786	1 926	(141)	-7%	7 705
% increase	4		10.6%							10.6%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	3 266	3 150		267	802	788	14	2%	3 150
Pension and UIF Contributions		417	607		43	130	152	(22)	-14%	607
Medical Aid Contributions		61	65		4	11	16	(5)	-33%	65
Overtime		-	-		-	-	-	-	-	-
Performance Bonus		507	485				121	(121)	-100%	485
Motor Vehicle Allowance		369	471		41	122	118	4	4%	471
Cellphone Allowance		12	41		1	24	10	14	134%	41
Housing Allowances		84	84		7	21	21	-	-	84
Other benefits and allowances			-					-	-	-
Payments in lieu of leave			45		63	63	11	52	462%	45
Long service awards								-	-	-
Post-retirement benefit obligations	2							-	-	-
Sub Total - Senior Managers of Municipality		4 716	4 949	-	426	1 173	1 237	(64)	-5%	4 949
% increase	4		4.9%							4.9%
Other Municipal Staff										
Basic Salaries and Wages		86 917	111 662		4 364	13 305	27 916	(14 611)	-52%	111 662
Pension and UIF Contributions		18 332	11 604		902	2 727	2 901	(174)	-6%	11 604
Medical Aid Contributions		13 993	6 705		602	1 828	1 676	152	9%	6 705
Overtime		1 460	1 245		80	185	311	(126)	-41%	1 245
Performance Bonus		(147)	-				-	-	-	-
Motor Vehicle Allowance		8 241	6 037		669	1 822	1 509	313	21%	6 037
Cellphone Allowance		133	596		1	1	149	(148)	-99%	596
Housing Allowances		823	565		48	144	141	3	2%	565
Other benefits and allowances		2 822	2 372		48	117	593	(476)	-80%	2 372
Payments in lieu of leave		6 511	4 228		49	76	1 057	(981)	-93%	4 228
Long service awards		158	750				188	(188)	-100%	750
Post-retirement benefit obligations	2	2 095	4 324				1 081	(1 081)	-100%	4 324
Sub Total - Other Municipal Staff		141 339	150 086	-	6 762	20 206	37 522	(17 316)	-46%	150 086
% increase	4		6.2%							6.2%
Total Parent Municipality		153 023	162 740	-	7 787	23 165	40 685	(17 520)	-43%	162 740

Salary and wages above reflects the salary related expenditure of Eden as well as the Roads agency function.

Total salary related expenses for Eden totals R21,379,017 for the period ending September 2014. Various vacancies were budgeted and the filling of these vacancies will be further investigated in future reporting cycles. This is to establish the needs and removal of these vacancies from the salary budget to ensure reduction of salary expenditure in line with council turnaround strategy.

Section 9 – Municipal manager’s quality certification

NAVRAE ENQUIRIES: S Stanley
KONTAKNR CONTACT NO: 044 803 1343
VERW. REF.: 6/18/7/2014 2016
KANTOOR: OFFICES: George
DATUM DATE: 08 October 2014



QUALITY CERTIFICATE

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

(mark as appropriate)

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

For the month of **SEPTEMBER 2014** (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 13/10/14