



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2013 - 2014

MONTHLY FINANCIAL REPORT

31 DECEMBER 2013

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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 December 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 31 December 2013 year to date.

2.2 Consolidated performance

2.2.1 Against annual budget (original)

Revenue by source

Year to date operating revenue ending December 2013 equals 68% of budget. This is mainly due to the Equitable Share RSC replacement grant that was received in the 2nd quarter.

Operating revenue by type

Currently operating expenditure is 38% or R65.8m of budget. Excluding the non-cash items from the calculations will result in expenditure reflection a 41% 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

Detailed analysis of the municipal performance for the year ending 31 December 2013 will be presented under the different sections of the report. More information regarding the municipal performance and explanations will be provided below.

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 - M06 December

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	1 991	2 051	-	250	1 969	1 025	934	91%	2 051
Transfers recognised - operational	128 949	133 413	-	-	100 696	66 707	33 990	51%	133 413
Other own revenue	45 333	40 939	-	3 732	17 685	20 489	(2 804)	-14%	40 939
Total Revenue (excluding capital transfers and contributions)	176 273	176 402	-	3 982	120 321	88 201	32 119	36%	176 402
Employee costs	88 009	91 952	-	7 224	44 264	45 976	(1 712)	-4%	91 952
Remuneration of Councilors	6 871	6 954	-	558	3 354	3 477	(123)	-4%	6 954
Depreciation & asset impairment	8 136	8 136	-	-	-	4 068	(4 068)	-100%	8 136
Finance charges	750	585	-	-	123	293	(170)	-58%	585
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	8 996	3 744	-	339	1 537	1 872	(335)	-	3 744
Other expenditure	62 575	63 677	-	3 654	16 539	31 639	(15 299)	-48%	63 677
Total Expenditure	175 337	175 048	-	11 775	65 817	87 524	(21 707)	-25%	175 048
Surplus/(Deficit)	936	1 354	-	(7 794)	54 503	677	53 826	7948%	1 354
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	936	1 354	-	(7 794)	54 503	677	53 826	7948%	1 354
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	936	1 354	-	(7 794)	54 503	677	53 826	7948%	1 354
Capital expenditure & funds sources									
Capital expenditure	936	8 875	-	96	99	4 438	(4 338)	-98%	8 875
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	936	8 875	-	96	99	4 438	(4 338)	-98%	8 875
Total sources of capital funds	936	8 875	-	96	99	4 438	(4 338)	-98%	8 875
Financial position									
Total current assets	55 001	53 866	-	-	-	-	-	-	53 866
Total non current assets	662 404	629 283	-	-	-	-	-	-	629 283
Total current liabilities	47 625	45 243	-	-	-	-	-	-	45 243
Total non current liabilities	94 626	89 124	-	-	-	-	-	-	89 124
Community wealth/Equity	17 075	16 018	-	-	-	-	-	-	16 018
Cash flows									
Net cash from (used) operating	(10 771)	17 893	-	(7 794)	54 503	8 947	45 557	509%	17 893
Net cash from (used) investing	(935)	(8 875)	-	(96)	(62 976)	(4 438)	(56 540)	1319%	(8 875)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(11 706)	34 911	-	-	51 800	30 402	21 398	70%	69 292
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dya	151-180 Dya	181 Dya-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	641	1 118	664	10 280	-	-	-	-	12 684
Creditors Age Analysis									
Total Creditors	2 212	-	-	-	-	-	-	-	2 212

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

Operating Revenue:

Table C2 reflects the financial performance per Standard Classification and shows that most of the municipal funds are received under the Executive and Council classification. This is because the municipality budgets most of its income under the Governance and administration function of the Government Financial Statistics (GFS) classification.

The operating revenue reflects a 68% year to date reported income. This is mainly funds receives from the Equitable share replacement grant allocated in terms of the National Division of Revenue Act (DORA) yearly. The municipality received a total of R97.52m year to date in terms of the Division of Revenue Act (DORA) Equitable Share allocation. Budgeted funds receivable from Equitable Share represents 74% of the municipal budgeted income.

As previously reported funds budgeted under the Sport and Recreation reflects during the 2nd quarter of the budget year. This is due to the seasonal effect of the operations of het resorts. Total income year to date received for the resorts equals 70% of budgeted amounts.

Operating Expenditure

Operating expenditure reflects a 38% spending year to date. Excluding the non-items from the budget, that is Provisions, Depreciation, Bad debts the spending percentage (%) is calculated as 41%. Performance of operating expenditure is below the 50% margin for straight line comparisons. This is mainly due to the non-cash items not accounted for on a monthly or quarterly basis. Various challenges are being experienced with accounting for non-cash items like depreciation and provision on a regular basis.

Finance is in the process of ensuring that measures be implemented to ensure this reporting. As soon as this can be instituted performance of operating expenditure should improve. Drafting of monthly financial statements would remedy this shortcomings in the financial reporting.

Management will be continuously informed regarding the process of these measures. Additional explanation of the various expenditure items will be provided further in this report.

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) - M06 December

Vote Description	Ref	Budget Year 2013/14								
		2012/13 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	-	3 144	116 435	85 264	31 170	36.6%	170 528
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		1 364	1 112	-	157	408	556	(148)	-26.7%	1 112
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	4	-	4	#DIV/0!	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 6 - HEALTH		160	160	-	18	94	80	14	17.1%	160
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		4 965	4 553	-	594	3 203	2 276	926	40.7%	4 553
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	-	-	68	68	-	68	#DIV/0!	-
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		327	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		475	50	-	-	110	25	85	339.3%	50
Total Revenue by Vote	2	176 273	176 403	-	3 982	120 321	88 201	32 119	36.4%	176 403
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		35 819	44 270	-	2 855	11 081	22 135	(11 054)	-49.9%	44 270
Vote 2 - BUDGET AND TREASURY OFFICE		21 007	20 012	-	1 107	7 938	10 006	(2 068)	-20.7%	20 012
Vote 3 - CORPORATE SERVICES		26 185	28 276	-	1 960	12 229	14 138	(1 910)	-13.5%	28 276
Vote 4 - PLANNING AND DEVELOPMENT		7 853	7 092	-	380	2 533	3 546	(1 012)	-28.6%	7 092
Vote 5 - PUBLIC SAFETY		27 956	25 608	-	1 589	10 267	12 804	(2 537)	-19.8%	25 608
Vote 6 - HEALTH		23 084	24 414	-	1 989	11 929	12 207	(278)	-2.3%	24 414
Vote 7 - COMMUNITY & SOCIAL SERVICES		3 546	2 940	-	163	1 176	1 470	(293)	-20.0%	2 940
Vote 8 - SPORT & RECREATION		7 089	8 008	-	695	3 356	4 004	(648)	-16.2%	8 008
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		3 026	2 049	-	355	951	1 025	(74)	-7.2%	2 049
Vote 11 - ROAD TRANSPORT		592	1 152	-	-	-	576	(576)	-100.0%	1 152
Vote 12 - WASTE WATER MANAGEMENT		63	458	-	-	-	229	(229)	-100.0%	458
Vote 13 - WATER		2 600	505	-	90	904	253	651	257.9%	505
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		16 518	10 263	-	592	3 453	5 132	(1 678)	-32.7%	10 263
Total Expenditure by Vote	2	175 337	175 047	-	11 775	65 817	87 524	(21 706)	-24.8%	175 047
Surplus/ (Deficit) for the year	2	936	1 355	-	(7 793)	54 503	678	53 826	7942.7%	1 355

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

Most of the municipal income is budgeted under the Executive and Council functions. Sport and Recreation (Resorts) is the other main municipal function where income budgeting is recorded.

Expenditure per municipal vote is distributed to ensure that the municipal expenditure reflects the functions where expenditure is allocated. This is done to ensure implementation of the Integrated Development Plan (IDP) and for Annual Reporting.

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) - M06 December

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcomes	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		1 791	1 889		81	832	945	(113)	-12%	1 889
Interest earned - external investments		1 991	2 051		250	1 959	1 025	934	91%	2 051
Interest earned - outstanding debtors								-		
Dividends received								-		
Fines								-		
Licences and permits								-		
Agency services		12 511	13 780		1 035	7 053	6 890	164	2%	13 780
Transfers recognised - operational		128 949	133 413			100 696	66 707	33 990	51%	133 413
Other revenue		31 031	17 270		2 616	9 780	8 635	1 145	13%	17 270
Gains on disposal of PPE			8 000				4 000	(4 000)	-100%	8 000
Total Revenue (excluding capital transfers and contributions)		176 273	176 402	=	3 982	120 321	88 291	32 119	36%	176 402
Expenditure By Type										
Employee related costs		88 009	91 952		7 224	44 264	45 976	(1 712)	-4%	91 952
Remuneration of councillors		6 871	6 954		558	3 354	3 477	(123)	-4%	6 954
Debt impairment		1 054	650				325	(325)	-100%	650
Depreciation & asset impairment		8 136	8 136				4 068	(4 068)	-100%	8 136
Finance charges		750	585			123	293	(170)	-56%	585
Bulk purchases								-		
Other materials								-		
Contracted services		17 286	11 330		818	4 148	5 665	(1 517)	-27%	11 330
Transfers and grants		8 996	3 744		339	1 537	1 872	(335)	-18%	3 744
Other expenditure		44 235	51 697		2 836	12 391	25 849	(13 457)	-52%	51 697
Loss on disposal of PPE								-		
Total Expenditure		175 137	175 048	=	11 775	65 817	87 524	(21 707)	-35%	175 048
Surplus/(Deficit)		936	1 354	=	(7 794)	54 503	677	53 826	0	1 354
Transfers recognised - capital								-		
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		936	1 354	=	(7 794)	54 503	677			1 354
Taxation								-		
Surplus/(Deficit) after taxation		936	1 354	=	(7 794)	54 503	677			1 354
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		936	1 354	=	(7 794)	54 503	677			1 354
Share of surplus/(deficit) of associate										
Surplus/ (Deficit) for the year		936	1 354	=	(7 794)	54 503	677			1 354

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:

Actual revenue recorded for the 1st six months totals 44% of budgeted amounts. Finance needs to investigate the feasibility of the budgeted amount and implement corrective measures to ensure performance will be as per budget. This will be done as part of the adjustment budget process.

Interest earned – External Investments:

Actual performance for the year to date totals 96% of budget. This is mainly due to the diligent investment of surplus funds over the reported period. Municipality invest all excess funds in capital secured short terms investments with the 4 major banks as per the investment guidelines. Adjustments to the interest earned budget needs to be processed due to the better than budgeted performance of the item. This will be done during the adjustment budget process in January 2014 currently underway.

Transferred recognised – operational

Mainly consist of RSC Replacement Equitable share grant. This grant is used to fund the operational activities of council. The 2nd instalment of the grant was received during November 2013. These also contribute to the above planned performance of the operating revenues.

Other revenue

Other revenue reflects a performance of 56.6% of budgeted amounts. Included in other revenue is income receive in terms of the different service level agreements with the B municipalities. Municipal accounts billed to customers, example firefighting accounts and various other sources of income reflected under other revenues.

Gains on disposal of PPE (Sale of Land)

Funds receivable from the disposal of Property Plant and Equipment (PPE) were earmarked for the financing of the Regional Landfill Site. Currently in the process it doesn't seem likely that this will be realised given the short period of time available. The municipality is investigating alternative sources of finance. The total amount required for the project also needs to be adjusted and this will be addressed during the adjustment budget process.

Expenditure by Type

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

Employee Related cost / Remuneration of councillors

See explanation under section 8 of the document.

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.

The outstanding loan balance at the end of December 2013 totals R2, 085,098. Loan repayments are processed during the months of March and September yearly.

Contracted services

Expenditure for contracted services totals R4.1m or 37% of the budget. Type of expenses that is processed through contracted services is monthly service agreements, rental contracts and all contracts where the obligation and responsibility of the municipality to pay the account is fairly determinable. Finance needs to investigate and interrogate the expenditure on contracted services more rigorously to ensure that optimal use of resources and value for money is achieved.

Other expenditure

Other expenditure reflects below par performance of 24% for the 6 months against a projected performance of 50% ending 31 December. This is mainly due to the non-cash items not being accounted on a more regular basis and this contribute to the low spending percentage. As accounted and mentioned above the finance needs to invest in measures in ensuring that more regular reporting of this expenditure can be achieved. This will result in a more accurate reflection of expenditure on other expenses.

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) - M06 December

Vote Description	Ref	Budget Year 2013/14								
		2012/13 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		300	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		340	225	-	96	99	113	(13)	-12%	225
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	400	-	-	-	200	(200)	-100%	400
Vote 6 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		295	250	-	-	-	125	(125)	-100%	250
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	8 000	-	-	-	4 000	(4 000)	-100%	8 000
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	935	8 875	-	96	99	4 438	(4 338)	-98%	8 875
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 6 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 8 - SPORT & RECREATION		-	-	-	-	-	-	-	-	-
Vote 9 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 11 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - WATER		-	-	-	-	-	-	-	-	-
Vote 14 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 15 - ENVIRONMENTAL MANAGEMENT		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		935	8 875	-	96	99	4 438	(4 338)	-98%	8 875

As previously reported the main capital project for the financial year is the Regional Landfill site with a projected budget of R8m. The municipality is currently experiencing problems with the funding source which was identified as SALE OF LAND (Gains on the sale of PPE). Administration is in the process of identifying alternative funding sources. The likelihood that this project will commence within the financial year is very good.

Low capital expenditure is therefor reported as a result of the challenges experienced mentioned above.

Another major project is the Fire fighting vehicles for the Public Safety (Emergency Services) department. This project is ongoing and implementation will commence within the next couple of months with completion date 30 June 2014.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2012/13	Budget Year 2013/14			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		27 145	25 788			25 788
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
Total current assets		55 001	53 866	-	-	53 866
Non current assets						
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
Total non current assets		662 404	629 283	-	-	629 283
TOTAL ASSETS		717 405	683 149	-	-	683 149
LIABILITIES						
Current liabilities						
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
Total current liabilities		47 625	45 243	-	-	45 243
Non current liabilities						
Borrowing		2 856	1 942			1 942
Provisions		91 770	87 182			87 182
Total non current liabilities		94 626	89 124	-	-	89 124
TOTAL LIABILITIES		142 251	134 367	-	-	134 367
NET ASSETS	2	575 154	548 782	-	-	548 782
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 640	1 355			1 355
Reserves		15 435	14 663			14 663
TOTAL COMMUNITY WEALTH/EQUITY	2	17 075	16 018	-	-	16 018

Table C6 reflects the effect of the combination of the capital and operating implementation of the budget on council's Financial Position. Currently the municipality is unable to report on these effects to date due 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. Finance is in the process of implementing measures to ensure that better reporting is presented to Council that reflects the operating activities more accurately

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2013/14								
		2012/13 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		500	33 249		3 732	17 665	16 625	1 041	6%	33 249
Government - operating		1 500	133 413			100 696	66 707	33 990	51%	133 413
Government - capital								-		
Interest		2 350	2 051		250	1 959	1 026	934	91%	2 051
Dividends								-		
Payments										
Suppliers and employees		(9 479)	(146 091)		(11 338)	(63 174)	(73 046)	(9 871)	14%	(146 091)
Finance charges		(750)	(985)			(123)	(493)	(370)	75%	(985)
Transfers and Grants		(4 892)	(3 744)		(438)	(2 520)	(1 872)	648	-35%	(3 744)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(10 771)	17 893	-	(7 794)	54 503	8 947	45 557	509%	17 893
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			(8 000)				(4 000)	4 000	-100%	(8 000)
Decrease (increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments						(62 880)		(62 880)	#DIV/0!	
Payments										
Capital assets		(935)	(875)		(96)	(98)	(438)	(340)	78%	(875)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(935)	(8 875)	-	(96)	(62 978)	(4 438)	58 540	-1319%	(8 875)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/(DECREASE) IN CASH HELD		(11 706)	9 018	-	(7 890)	(8 474)	4 509			9 018
Cash/cash equivalents at beginning:			25 893			60 274	25 893			60 274
Cash/cash equivalents at month/year end:		(11 706)	34 911	-		51 800	30 402			69 292

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 R51.8m on short-term investments and an operational balance. 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.

Funds currently invested in short-term investments do not reflect in this Cash flow balances.

More information regarding this is reported under section 6 below.

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Debtors' analysis

Supporting Table SC3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2013/14										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.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	75	65	44	3 563					3 748	3 563				
Interest on Arrear Debtor Accounts	1810														
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820														
Other	1900	565	1 053	620	6 697					8 936	6 697				
Total By Income Source	2000	641	1 118	664	10 260	-	-	-	-	12 684	10 260	-	-		
2012/13 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200														
Commercial	2300														
Households	2400	231	389	90	487					1 198	487				
Other	2500	409	729	574	9 773					11 486	9 773				
Total By Customer Group	2600	641	1 118	664	10 260	-	-	-	-	12 684	10 260	-	-		

Debtor management is a major challenge experience by the financial administration. This is mainly due to a lack of a policy, which the administration plans to table to council during the coming council meeting process.

The debtor balances needs to be investigated and a report table to council for the write-off of old balances outstanding for longer than 3 years. Finance was in the process of compiling this report and tables it during the December 2013 council meeting. Due to capacity and time constraints this could however not be done. We envisioned and plan to table a report to the next council meeting informing council of the status of the Debtors.

Section 5 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

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	1 151								1 151
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500	1 060								1 060
Loan repayments	0600									-
Trade Creditors	0700									-
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	2 212	-	-	-	-	-	-	-	2 212

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

	Balance as at 01 Dec 2013	Movements for the month		Balance as at 31 Dec 2013	Interest earned	Interest earned
		Investments matured	Investments made		Month	Year to date
<i>Eden district municipality</i>					<i>Saldo</i>	<i>1 031 773.86</i>
<i>Standard Bank</i>	11 500 000.00			11 500 000.00		
<i>FNB</i>	11 500 000.00			11 500 000.00	-	
<i>ABSA</i>	11 500 000.00			11 500 000.00	-	
<i>Nedbank</i>	11 500 000.00			11 500 000.00	-	
BANK DEPOSITS	46 000 000.00			46 000 000.00	-	1 031 773.86

Administration invested access funds of R46m during the month of November on short-term investments with the 4 major banks. This investment is due in the middle of January 2014. This is in line with the principles of optimising interest.

Improvements in the cash flow forecasting and model use to monitor cash flow needs to be investigate to further optimise the use of cash resources.

Section 7 – Allocation and grant receipts and expenditure

7.1 Supporting Table C6

DC4 Eden - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		128 919	132 809	-	-	100 092	22 135	76 174	344.1%	132 809
Local Government Equitable Share		125 669	129 669			97 252	21 612	75 641	350.0%	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			700	167	533	320.0%	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%	
								-		
Total Operating Transfers and Grants	5	128 919	133 413	-	-	100 696	22 236	76 677	344.8%	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 levy EQS (*Equitable Share*)
- Finance Management grant (*FMG*)
- Municipal Systems Improvement Grant (*MSIG*)
- Expanded Public Works Program (*EPWP*)
- Integration Transport Grant

7.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2012/13	Budget Year 2013/14							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		128 949	132 809	-	339	1 537	66 405	(64 867)	-97.7%	132 809
Local Government Equitable Share		125 699	129 669				64 835	(64 835)	-100.0%	129 669
Finance Management		1 250	1 250		164	956	625	331	52.9%	1 250
Municipal Systems Improvement		1 000	890				445	(445)	-100.0%	890
EPWP Incentive		1 000	1 000		175	581	500	81	16.2%	1 000
Other transfers and grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	604	-	-	-	302	(302)	-100.0%	604
Integrated Transport Planning - PT			604				302	(302)	-100.0%	604
Total operating expenditure of Transfers and Grants:		128 949	133 413	-	339	1 537	66 707	(65 169)	-97.7%	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 Division of Revenue Act (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 - M06 December

Summary of Employee and Councillor remuneration	Ref	Budget Year 2013/14								
		2012/13	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		5 691	5 199		399	2 416	2 600	(183)	-7%	5 199
Pension and UIF Contributions		116	107		10	59	54	6	11%	107
Medical Aid Contributions		30	107		12	67	54	13	25%	107
Motor Vehicle Allowance		526	1 223		116	686	612	74	12%	1 223
Cellphone Allowance		508	267		21	126	134	(7)	-6%	267
Housing Allowances										
Other benefits and allowances			50				25	(25)	-100%	50
Sub Total - Councillors		6 871	6 953	-	558	3 354	3 477	(123)	-4%	6 953
% increase	4		1.2%							1.2%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		2 275	3 266		268	1 503	1 633	(130)	-8%	3 266
Pension and UIF Contributions		251	417		41	222	209	14	7%	417
Medical Aid Contributions			61		3	20	31	(11)	-36%	61
Overtime										
Performance Bonus			325				163	(163)	-100%	325
Motor Vehicle Allowance		247	369		39	235	185	51	28%	369
Cellphone Allowance			12		1	6	6			12
Housing Allowances		84	84		7	42	42			84
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		2 857	4 534	-	359	2 028	2 267	(239)	-11%	4 534
% increase	4		58.7%							58.7%
Other Municipal Staff										
Basic Salaries and Wages		56 228	55 250		4 136	25 630	27 625	(1 995)	-7%	55 250
Pension and UIF Contributions		10 819	11 424		852	5 186	5 712	(526)	-9%	11 424
Medical Aid Contributions		6 861	8 150		764	3 388	4 075	(687)	-17%	8 150
Overtime		1 299	1 027		50	370	514	(143)	-28%	1 027
Performance Bonus		181	35				18	(18)	-100%	35
Motor Vehicle Allowance		7 063	5 863		586	3 493	2 932	561	19%	5 863
Cellphone Allowance		155	119				60	(60)	-100%	119
Housing Allowances		617	516		36	218	258	(40)	-15%	516
Other benefits and allowances		715	692		55	263	346	(83)	-24%	692
Payments in lieu of leave		4 071	4 342		388	3 690	2 171	1 519	70%	4 342
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Municipal Staff		88 009	87 418	-	6 868	42 238	43 709	(1 471)	-3%	87 418
% increase	4		-0.7%							-0.7%
Total Parent Municipality		97 737	98 905	-	7 783	47 620	49 453	(1 833)	-4%	98 905

Expenditure on employee related cost and councillor allowances totals 48% of the operating budget. This is below the 50% mark but included in the budget for salaries is a number of vacant posts that hasn't been filled year to date by council. This in effect means that the real expenditure on salary related expenses is higher than projected.

Finance is in the process of investigating the allocation of salary related expenditure and align the salary budget with the latest organigram approved by council. Vacant post budgeted during the May budgeted will also be investigated and amendments will be processed during the January adjustment budget. This will be discussed with the Management committee as to the feasibility of completing the filling of these vacancies within this financial year.

These vacancies will also be addressed during the Mid-year budget and performance report in January 2014.

Section 9 – Municipal manager’s quality certification

NAAM: S Stanley
ENIGIER: S Stanley
KONTAK: 044 803 1343
VERA: 6/18/7/2013-2014
REF: George
KANTOOR: George
OFFIS: George
DATUM: 9 Desember 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 **DECEMBER** (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 14/01/2014