



EDEN DISTRICT MUNICIPALITY

FINANCIAL YEAR 2014 - 2015

MONTHLY FINANCIAL REPORT

31 MARCH 2015

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Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget. In Eden District this means the different GFS classification the budget is divided.

Legislative Framework

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act – No. 56 of 2003

Section 71: Monthly budget statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

PART 1 – IN-YEAR REPORT

SECTION 1 – RESOLUTIONS

SECTION 71 Monthly budget statements

These are the resolutions being presented to Council in the Monthly report on the implementation of the budget and the financial state of affairs of the municipality as required in terms of section 71 of the Municipal Finance Management Act, Act 56 of 2003.

RECOMMENDATION:

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

Section 2 – Executive Summary

2.1 Introduction

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

2.2 Consolidated performance

2.2.1 Against annual budget (original)

Revenue by source

With the 3rd quarter ending 31 March 2015 the municipal performance in terms of its own revenue budget reflects an amount of R193,722,646 or 91% of the Eden budget. The expenditure and budget for the Roads Agency function is not taken into account in the Financial Management Report.

Operating Expenditure by type

Performance in terms of operational expenditure calculates at 60.4% of budgeted amounts or a rand value of R126,502,146 as at the end of 31 March 2015. This figure represents the 3rd quarter expenditure. As per previous reporting cycles the expenditure on non-cash items does not reflect. This information in terms of noncash items will only be accounted for at the end of the financial year.

Capital Expenditure

The capital budget of R9,413,750 as approved during the council meeting in January records a total year to date spending of R569,395. That corresponds to a 6% spending at the end of 31 March 2015. The main capital project, the Regional Landfill Site records no spending against a budget of R5,800,000.

2.3 Material variances from SDBIP

The adjustments as approved during the council meeting with the Adjustment budget 2014/15, was processed and recorded against the revised targets.

Corrections will be processed and execute by the Performance Management unit, responsible for the SDBIP as required.

2.4 Remedial or corrective steps

Remedial actions and corrections will be instituted in line with the Adjusted SDBIP, as soon as this is finalised reporting on such actions will be done.

2.5 Conclusion

The period ending 31 March also represents the end of the 3rd quarter. Year to date performance reflects a surplus of R67,2m. This is mainly due to the RSC levies replacement grant received in advance. This grant is used to fund the operations of council.

More detailed analysis will be provided in 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 - M09 March									
Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	2 601	4 500	4 750	664	5 229	3 563	1 666	47%	4 500
Transfers recognised - operational	141 197	170 060	168 993	38 252	168 426	126 745	41 681	33%	170 060
Other own revenue	131 931	134 257	155 441	1 388	20 068	116 580	(96 513)	-83%	134 257
Total Revenue (excluding capital transfers and contributions)	275 728	308 817	329 184	40 304	193 723	246 888	(53 165)	-22%	308 817
Employee costs	146 056	95 117	94 315	7 231	68 820	70 737	(1 917)	-3%	95 117
Remuneration of Councillors	6 969	7 705	7 723	579	5 277	5 793	(516)	-9%	7 705
Depreciation & asset impairment	8 136	8 322	6 800	-	2 399	5 100	(2 701)	-53%	8 322
Finance charges	485	530	830	57	138	623	(485)	-78%	530
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	4 244	36 253	35 396	379	24 762	26 547	(1 785)	-7%	36 253
Other expenditure	107 893	158 385	180 501	3 133	25 108	135 376	(110 268)	-81%	158 385
Total Expenditure	273 782	306 313	325 566	11 380	126 502	244 174	(117 672)	-48%	306 313
Surplus/(Deficit)	1 947	2 504	3 618	28 924	67 221	2 713	64 507	2377%	2 504
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 947	2 504	3 618	28 924	67 221	2 713	64 507	2377%	2 504
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 947	2 504	3 618	28 924	67 221	2 713	64 507	2377%	2 504
Capital expenditure & funds sources									
Capital expenditure	6 935	8 300	9 414	63	569	7 060	(6 491)	-92%	-
Capital transfers recognised	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	6 935	8 300	9 414	63	569	7 060	(6 491)	-92%	-
Total sources of capital funds	6 935	8 300	9 414	63	569	7 060	(6 491)	-92%	-
Financial position									
Total current assets	105 078	113 384	105 078	-	172 834	-	-	-	113 384
Total non current assets	515 890	532 282	515 890	-	514 184	-	-	-	532 282
Total current liabilities	52 701	67 533	52 701	-	61 215	-	-	-	67 533
Total non current liabilities	114 974	117 570	114 974	-	114 974	-	-	-	117 570
Community wealth/Equity	453 293	460 563	453 293	510 829	510 829	510 829	510 829	510 829	460 563
Cash flows									
Net cash from (used) operating	20 820	9 020	(30 251)	49 529	49 529	752	(48 777)	-6489%	9 020
Net cash from (used) investing	1 399	(5 766)	(6 880)	130 000	(19 879)	-	19 879	#DIV/0!	2 534
Net cash from (used) financing	(622)	(650)	(650)	-	-	-	-	-	(650)
Cash/cash equivalents at the month/year end	94 581	97 186	(37 781)	-	143 883	95 334	(48 549)	-51%	125 137
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	154	375	64	9 828	-	-	-	-	10 422
Creditors Age Analysis									
Total Creditors	2 290	-	-	-	-	-	-	-	2 290

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

DC4 Eden - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M09 March

Description	Ref	Budget Year 2014/15								
		2013/14 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		170 532	196 577	205 505	40 009	188 517	154 128	34 389	22%	196 577
Executive and council		169 420	195 274	204 202	40 152	187 496	153 152	34 344	22%	195 274
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		1 112	1 302	1 302	(143)	1 021	977	44	5%	1 302
<i>Community and public safety</i>		5 122	6 024	6 036	296	4 450	4 527	(76)	-2%	6 024
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		4 962	5 855	5 867	276	4 290	4 400	(110)	-2%	5 855
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		160	169	169	20	160	127	33	26%	169
<i>Economic and environmental services</i>		99 994	106 132	116 522	(2)	26	87 392	(87 366)	-100%	106 132
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		99 869	106 000	116 290	-	-	87 218	(87 218)	-100%	106 000
Environmental protection		125	132	232	(2)	26	174	(148)	-85%	132
<i>Trading services</i>		80	84	1 122	-	730	841	(112)	-13%	84
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		80	84	1 122	-	730	841	(112)	-13%	84
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	275 728	308 817	329 184	40 304	193 723	246 888	(53 166)	-22%	308 817
Expenditure - Standard										
<i>Governance and administration</i>		90 585	117 701	128 040	5 100	74 100	96 030	(21 930)	-23%	117 701
Executive and council		47 138	63 639	74 322	2 043	39 775	55 742	(15 967)	-29%	63 639
Budget and treasury office		16 295	24 699	22 999	1 066	13 671	17 249	(3 578)	-21%	24 699
Corporate services		27 152	29 363	30 719	1 991	20 653	23 039	(2 386)	-10%	29 363
<i>Community and public safety</i>		61 059	65 305	64 409	5 293	44 247	48 307	(4 060)	-8%	65 305
Community and social services		2 312	2 918	-	-	-	-	-	-	2 918
Sport and recreation		8 305	9 743	10 093	686	7 062	7 570	(507)	-7%	9 743
Public safety		26 839	25 179	23 534	2 300	15 434	17 651	(2 216)	-13%	25 179
Housing		-	-	-	-	-	-	-	-	-
Health		23 604	27 465	30 782	2 307	21 750	23 087	(1 336)	-6%	27 465
<i>Economic and environmental services</i>		117 747	118 237	126 746	687	5 746	95 060	(89 313)	-94%	118 237
Planning and development		8 456	6 909	7 351	528	4 475	5 513	(1 038)	-19%	6 909
Road transport		101 020	108 891	117 331	-	2	87 998	(87 996)	-100%	108 891
Environmental protection		8 272	2 436	2 065	160	1 269	1 549	(280)	-18%	2 436
<i>Trading services</i>		4 391	5 070	6 370	300	2 409	4 777	(2 368)	-50%	5 070
Electricity		-	-	-	-	-	-	-	-	-
Water		2 074	3 708	3 023	197	374	2 267	(1 893)	-84%	3 708
Waste water management		11	-	-	-	-	-	-	-	-
Waste management		2 305	1 362	3 347	103	2 035	2 510	(475)	-19%	1 362
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	273 782	306 313	325 566	11 380	126 502	244 174	(117 672)	-48%	306 313
Surplus/ (Deficit) for the year		1 945	2 504	3 619	28 924	67 221	2 714	64 507	2377%	2 504

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:

Operation Revenue totals R193,722,646 or 90% of the budget. This is mainly a result of the RSC Replacement Grant total of R134,097,000 and Disaster recovery grant of R27,432,000.

The municipal performance in terms of own revenue is diminishing, however council is in the process of compiling a financial plan as well as various other strategies to enhance the revenue performance of the municipality.

Operating Expenditure

Spending of the operational budget is recorded at 60.4% for the period ending 31 March 2015. This is a total rand value of R126,502,146. Most of these expenses are salary related with a total of 58.6% of the total expenditure.

More details will be provided below with the detailed expenditure below.

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) - M09 March

Vote Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Executive & Council	1	169 420	195 274	204 202	40 152	187 496	153 152	34 344	22.4%	195 274
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1 112	1 302	1 302	(143)	1 021	977	44	4.5%	1 302
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Health		160	169	169	20	160	127	33	26.4%	-
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		4 962	5 855	5 867	276	4 290	4 400	(110)	-2.5%	5 855
Vote 9 - Waste Management		80	84	1 122	-	730	841	(112)	-13.3%	84
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		125	132	232	(2)	26	174	(148)	-85.2%	-
Vote 14 - Roads Agency Function		99 869	106 000	116 290	-	-	87 218	(87 218)	-100.0%	-
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	275 728	308 817	329 184	40 304	193 723	246 888	(53 166)	-21.5%	202 516
Expenditure by Vote										
Vote 1 - Executive & Council	1	45 505	63 639	74 322	2 043	39 775	55 742	(15 967)	-28.6%	63 639
Vote 2 - Budget and Treasury Office		17 928	24 699	22 999	1 066	13 671	17 249	(3 578)	-20.7%	24 699
Vote 3 - Corporate Services		27 152	29 363	30 719	1 991	20 653	23 039	(2 386)	-10.4%	29 363
Vote 4 - Planning and Development		8 456	6 909	7 351	528	4 475	5 513	(1 038)	-18.8%	6 909
Vote 5 - Public Safety		26 838	25 179	23 534	2 300	15 434	17 651	(2 216)	-12.6%	25 179
Vote 6 - Health		23 604	27 465	30 782	2 307	21 750	23 087	(1 336)	-5.8%	27 465
Vote 7 - Community and Social Services		2 312	2 918	-	-	-	-	-	-	2 918
Vote 8 - Sport and Recreation		8 305	9 743	10 093	686	7 062	7 570	(507)	-6.7%	9 743
Vote 9 - Waste Management		2 305	1 362	3 347	103	2 035	2 510	(475)	-18.9%	1 362
Vote 10 - Road Transport		1 152	2 891	1 041	-	2	781	(778)	-99.7%	2 891
Vote 11 - Waste Water Management		11	-	-	-	-	-	-	-	-
Vote 12 - Water		2 074	3 708	3 023	197	374	2 267	(1 893)	-83.5%	3 708
Vote 13 - Environmental Protection		8 272	2 437	2 065	160	1 269	1 549	(280)	-18.1%	2 437
Vote 14 - Roads Agency Function		99 869	106 000	116 290	-	-	87 218	(87 218)	-100.0%	106 000
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	273 782	306 313	325 566	11 380	126 502	244 175	(117 673)	-48.2%	306 313
Surplus/ (Deficit) for the year	2	1 946	2 504	3 618	28 924	67 221	2 713	64 507	2377.3%	(103 797)

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) - M09 March										
Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates								-		
Property rates - penalties & collection charges								-		
Service charges - electricity revenue								-		
Service charges - water revenue								-		
Service charges - sanitation revenue								-		
Service charges - refuse revenue								-		
Service charges - other								-		
Rental of facilities and equipment		1 248	2 357	2 357	38	714	1 768	(1 054)	-60%	2 357
Interest earned - external investments		2 601	4 500	4 750	664	5 229	3 563	1 666	47%	4 500
Interest earned - outstanding debtors				881	71	718	661	57	9%	
Dividends received								-		
Fines								-		
Licences and permits								-		
Agency services		11 280	12 671	13 777	1 010	10 017	10 333	(316)	-3%	12 671
Transfers recognised - operational		141 197	170 060	168 993	38 252	168 426	126 745	41 681	33%	170 060
Other revenue		119 403	119 229	138 425	269	8 618	103 819	(95 200)	-92%	119 229
Gains on disposal of PPE					-	-		-		
Total Revenue (excluding capital transfers and contributions)		275 728	308 817	329 184	40 304	193 723	246 888	(53 165)	-22%	308 817
Expenditure By Type										
Employee related costs		146 056	95 117	94 315	7 231	68 820	70 737	(1 917)	-3%	95 117
Remuneration of councillors		6 969	7 705	7 723	579	5 277	5 793	(516)	-9%	7 705
Debt impairment		650	800	1 800			1 350	(1 350)	-100%	800
Depreciation & asset impairment		8 136	8 322	6 800		2 399	5 100	(2 701)	-53%	8 322
Finance charges		485	530	830	57	138	623	(485)	-78%	530
Bulk purchases								-		
Other materials								-		
Contracted services		10 372	9 975	8 414	1 084	5 883	6 311	(428)	-7%	9 975
Transfers and grants		4 244	36 253	35 396	379	24 762	26 547	(1 785)	-7%	36 253
Other expenditure		96 871	147 610	170 287	2 049	19 225	127 715	(108 490)	-85%	147 610
Loss on disposal of PPE								-		
Total Expenditure		273 782	306 313	325 566	11 380	126 502	244 174	(117 672)	-48%	306 313
Surplus/(Deficit)		1 947	2 504	3 618	28 924	67 221	2 713	64 507	0	2 504
Transfers recognised - capital								-		
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		1 947	2 504	3 618	28 924	67 221	2 713			2 504
Taxation								-		
Surplus/(Deficit) after taxation		1 947	2 504	3 618	28 924	67 221	2 713			2 504
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		1 947	2 504	3 618	28 924	67 221	2 713			2 504
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		1 947	2 504	3 618	28 924	67 221	2 713			2 504

Revenue by Source

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

Rental of facilities and equipment:

The corrective transactions that was required to be processed against the income category was done and therefore the year to date performance only reflects R714,113. This revised amount reflects a low performance of 30.1% with three quarters of the financial year already passed. Underperformance is envisioned for this income category at 30 June 2015.

Interest earned – External Investments:

The budget for interest was exceeded and performance totals 110% of the budget of R4,750,000. This is due to the practice of administration to ensure that all access funds are optimally invested in income generating investments with the 4 major banks. Year to date interest totals R5,228,958

Transferred recognised – operational

The municipality received all of its equitable share grants as per the DORA allocations. The totals budget for EQS totals R134,097,000 and the last instalment of R36,318,000 was received during March 2015. All other grants as reflected in the DORA were also received. The EQS grant is used to funds council's activities and these monies are received in advance for the period April to June.

Other revenue / Sundry income

Performance of Other revenue totals R20m. As mentioned above the municipality needs to implement measures and actions to address the shrinking own funds revenue base. This is being addressed with the compilation of the financial recovery plan that's in progress as well as various income generating strategies being investigated and implemented.

Gains on disposal of PPE (Sale of Land)

No income was recorded under the Gains on disposal of PPE as there was no disposal of assets.

Expenditure by Type

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

Employee Related cost / Remuneration of councillors

Remuneration and council related expenses totals R74,096,153 of the budgeted amounts. This represents 72.6% of the budgeted amounts.

More details below under relevant section.

Debt Impairment / Depreciation and asset impairment

Debt impairment and provisions are mostly accounted for at the end of the financial year. Monthly transactions are processed but the majority of the reporting will be done in June 2015.

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 R674,390.89. Instalment payment of R532,844 was processed during March 2015.

Contracted services

Spending of R5,882,638 was recorded for contracted services at the end of March 2015. This total represents a 70% spending of the budgeted cost item. Contracted services are mostly used to pay for expenditure of a repetitive nature that occurs on a monthly basis that is not included in general expenses. Examples include the hiring of machines, services of essential equipment like lifts etc.

Other expenditure

Year to date expenditure totals R25.1m for the period ending 31 March 2015. Non-cash items budgeted under this category can only be account for at the end of the reporting period. This is done to adhere to the GRAP principles in completing the Annual Financial statements at the end of 30 June 2015.

Spending on the other items should increase during the last quarter of the financial year.

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

DC4 Eden - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M09 March										
Vote Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive & Council		-	-	327	-	48	245	(197)	-80%	-
Vote 2 - Budget and Treasury Office		-	-	6	-	-	5	(5)	-100%	-
Vote 3 - Corporate Services		485	1 000	923	54	416	692	(276)	-40%	-
Vote 4 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		400	1 300	1 935	9	9	1 451	(1 442)	-99%	-
Vote 6 - Health		250	-	53	-	-	40	(40)	-100%	-
Vote 7 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Sport and Recreation		-	200	370	-	96	278	(181)	-65%	-
Vote 9 - Waste Management		5 800	5 800	5 800	-	-	4 350	(4 350)	-100%	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 12 - Water		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 14 - Roads Agency Function		-	-	-	-	-	-	-	-	-
Vote 15 - Electricity		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	6 935	8 300	9 414	63	569	7 060	(6 491)	-92%	-

Variances explained in Supporting Table C5

The municipality adjusted the Capital Budget from R8,300,000 to R9,413,750. The majority of the additional funds were allocated to the Fire department for the replacement of emergency equipment and the council administration sections.

Various capital projects are in the tender stage and appointment of successful service providers should be commencing soon.

The capital projects in terms of Fire Service department, replacement of fire fleet is in the committee stage of Supply chain management. Spending on these items should be reported in the 3rd quarter of the financial year.

The other major item is the purchase of the land for the regional landfill site of R5,8m. This is in the contract phase, once the land is registered in Eden DM name, the funds will be transferred.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

DC4 Eden - Table C6 Monthly Budget Statement - Financial Position - M09 March

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

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

3.1.7 Table C7: Monthly Budget Statement - Cash Flow

DC4 Eden - Table C7 Monthly Budget Statement - Cash Flow - M09 March

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	125 436	3 779	3 779	10 453	(6 674)	-64%	125 436
Government - operating		141 097	170 060	168 993	54 330	54 330	14 172	40 158	283%	170 060
Government - capital										-
Interest		2 601	4 500	4 750	73	73	375	(302)	-80%	4 500
Dividends										-
Payments										
Suppliers and employees		(248 119)	(286 362)	(293 704)	(8 518)	(8 518)	(23 864)	(15 345)	64%	(286 362)
Finance charges		(485)	(530)	(830)			(44)	(44)	100%	(530)
Transfers and Grants		(4 144)	(4 084)	(34 896)	(135)	(135)	(340)	(205)	60%	(4 084)
NET CASH FROM/(USED) OPERATING ACTIVITIES		20 820	9 020	(30 251)	49 529	49 529	752	(48 777)	-6489%	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						2 534
Decrease (increase) in non-current investments					130 000	(19 879)		(19 879)	#DIV/0!	-
Payments										
Capital assets		(1 135)	(8 300)	(9 414)						
NET CASH FROM/(USED) INVESTING ACTIVITIES		1 399	(5 766)	(6 880)	130 000	(19 879)	-	19 879	#DIV/0!	2 534
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing		(622)	(650)	(650)						(650)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(622)	(650)	(650)	-	-	-	-		(650)
NET INCREASE/ (DECREASE) IN CASH HELD		21 597	2 604	(37 781)	179 529	29 650	752			10 904
Cash/cash equivalents at beginning:		72 984	94 582			114 233	94 582			114 233
Cash/cash equivalents at month/year end:		94 581	97 186	(37 781)		143 883	95 334			125 137

The municipal cash balance totals R143,8m for the period ending 31 March 2015. Included in this balance is the fund that was reserved for the Regional Landfill site of R6.5m as well as short-term investments to the amount of R130m.

The municipality also received their final instalment of EQS replacement grant levy. This grant is required to fund expenditure for the period April to June.

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

PART 2 – SUPPORTING DOCUMENTATION

Section 4 – Debtors' analysis

Supporting Table SC3

DC4 Eden - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March								
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	34	67	19	2 785	2 903	2 785	
Interest on Arrear Debtor Accounts	1810					-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820					-	-	
Other	1900	121	309	46	7 043	7 519	7 043	
Total By Income Source	2000	154	375	64	9 828	10 422	9 828	
2013/14 - totals only								
Debtors Age Analysis By Customer Group								
Organs of State	2200					-	-	
Commercial	2300					-	-	
Households	2400	61	52	43	1 094	1 250	1 094	
Other	2500	93	323	22	8 734	9 172	8 734	
Total By Customer Group	2600	154	375	64	9 828	10 422	9 828	

A report was tabled to council for the write-off outstanding debt during March. This recommendations as per the report still needs to be processed on the financial system. It is envisioned that the amount of outstanding debtors will decrease significantly with the implementation of the recommendation and this will reflect on the FMR report for the last quarter of the financial year.

Section 5 – Creditors' analysis

Supporting Table C4

DC4 Eden - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March				
Description	NT Code	Budget Year 2014/15		Prior year totals for chart (same period)
		0 - 30 Days	Total	
R thousands				
Creditors Age Analysis By Customer Type				
Bulk Electricity	0100		-	
Bulk Water	0200		-	
PAYE deductions	0300	1 111	1 111	
VAT (output less input)	0400		-	
Pensions / Retirement deductions	0500	1 124	1 124	
Loan repayments	0600		-	
Trade Creditors	0700		-	
Auditor General	0800	55	55	
Other	0900		-	
Total By Customer Type	1000	2 290	2 290	-

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

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

Section 6 – Investment portfolio analysis

	Movements for the month				Balance as at 31 March 2015	Interest earned Month	Interest earned Year to date
	Balance as at 01 March 2015	Investments matured	Investments made	Interest capitalised			
<i>Eden district municipality</i>							
<i>Interest Received YTD</i>					-	2 795 143.96	
<i>Standard Bank</i>	23 500 000.00	-23 500 000.00	-32 500 000.00		32 500 000.00	147 406.17	147 406.17
<i>FNB</i>	23 500 000.00	-23 500 000.00	-32 500 000.00		32 500 000.00	155 040.33	155 040.33
<i>ABSA</i>	23 500 000.00	-23 500 000.00	-32 500 000.00		32 500 000.00	163 593.58	163 593.58
<i>Nedbank</i>	23 500 000.00	-23 500 000.00	-32 500 000.00		32 500 000.00	169 547.67	169 547.67
<i>Standard Bank - Bank Guarantee investment</i>	6 378 762.00				6 378 762.00		-
BANK DEPOSITS	100 378 762.00	-94 000 000.00	-130 000 000.00	-	136 378 762.00	635 587.75	3 430 731.71

6.1 Investment monitoring information

Total short-term investments equal R136m at the end of March 2015. This reflects the investment practices of administration of investing short-term funds not utilised with the 4 major banks to maximise interest income. As reflected above the municipality outperformed the budget for interest with these practices and the positive practice should provide more positive spinoffs going forward.

Administration invests all funds according to the Cash Management and Investment policy of council.

Section 7 – Allocation and grant receipts and expenditure

7.1 Supporting Table C6

DC4 Eden - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March										
Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		139 393	167 213	167 213	38 252	166 647	125 410	33 583	26.8%	167 213
Local Government Equitable Share		129 669	134 097	134 097	36 318	134 097	100 573	33 524	33.3%	134 097
Finance Management		1 250	1 250	1 250	-	1 250	938			1 250
Municipal Systems Improvement		890	934	934	-	934	701			934
EPWP Incentive		1 000	1 000	1 000	-	1 000	750			1 000
Municipal Disaster Recovery Grant		6 584	27 432	27 432	-	27 432	20 574			27 432
L.G: Bulk Water and Waste Water infrastruc.	3		2 500	2 500	1 934	1 934	1 875	59	3.1%	2 500
Other transfers and grants [insert description]								-		
Provincial Government:		1 704	2 847	1 780	-	1 780	1 335	445	33.3%	1 780
Intergrated Transport Planning - PT		604	900	900	-	900	675	225	33.3%	900
Nelson Mandela Memorial		150								
WC FMG Assistance		550								
WC Support - Provincial Treasury	4	400								
Rural Roads Asset Management Systems			1 947							
PT WC FMG Grant				880		880	660	220	33.3%	880
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]										
Total Operating Transfers and Grants	5	141 097	170 060	168 993	38 252	168 427	126 745	34 028	26.8%	168 993

The majority of the unspent grants balances are allocated to the Disaster Recovery Grant. These grants must be paid to the B Municipalities as set out in the grant conditions, however B Municipalities must first submit expenditure reports before the monies will be paid over.

7.2 Supporting Table C7

DC4 Eden - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March										
Description	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		139 393	167 213	167 213	346	24 520	125 410	(100 890)	-80.4%	167 213
Local Government Equitable Share		129 669	134 097	134 097	-	-	100 573	(100 573)	-100.0%	134 097
Finance Management		1 250	1 250	1 250	57	520	938	(418)	-44.6%	1 250
Municipal Systems Improvement		890	934	934	(13)	749	701	49	7.0%	934
EPWP Incentive		1 000	1 000	1 000	122	506	750	(244)	-32.6%	1 000
Municipal Disaster Recovery Grant		6 584	27 432	27 432	-	22 502	20 574	1 928	9.4%	27 432
LG: Bulk Water and Waste Water infrastruc			2 500	2 500	180	243	1 875	(1 632)	-87.0%	2 500
Other transfers and grants [insert description]								-		
Provincial Government:		1 554	2 847	1 780	33	33	1 335	(1 302)	-97.5%	1 780
Intergrated Transport Planning - PT		604	900	900	-	-	675	(675)	-100.0%	900
WC FMG Assistance		550						-		
WC Support - Provincial Treasury		400						-		
Rural Roads Asset Management Systems			1 947					-		
PT WC FMG Grant				880	33	33	660	(627)	-95.0%	880
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]								-		
Total operating expenditure of Transfers and Grants:		140 947	170 060	168 993	379	24 553	126 745	(102 192)	-80.6%	168 993

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

Section 8 – Expenditure on councillor and board members allowances and employee benefits

Supporting Table C8

DC4 Eden - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March										
Category of Employee and Councillor remuneration	Ref	2013/14	Budget Year 2014/15							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 199	5 016	5 969	417	3 746	4 477	(730)	-16%	5 016
Pension and UIF Contributions		107	135	107	10	93	80	12	15%	135
Medical Aid Contributions		107	180	107	20	150	80	69	86%	180
Motor Vehicle Allowance		1 223	1 709	1 223	105	1 053	917	136	15%	1 709
Cellphone Allowance		282	558	267	26	235	200	35	17%	558
Housing Allowances							-	-		
Other benefits and allowances		50	107	50			38	(38)	-100%	107
Sub Total - Councillors		6 969	7 705	7 723	579	5 277	5 792	(516)	-9%	7 705
% increase	4		10.6%	10.8%						10.6%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	3 266	3 150	3 266	269	2 550	2 450	101	4%	3 150
Pension and UIF Contributions		417	607	417	43	348	313	35	11%	607
Medical Aid Contributions		61	65	61	4	35	46	(11)	-24%	65
Overtime			-				-	-		-
Performance Bonus		507	485	325		364	244	120	49%	485
Motor Vehicle Allowance		369	471	369	41	366	277	90	32%	471
Cellphone Allowance		12	41	12	3	57	9	48	538%	41
Housing Allowances		84	84	84	7	63	63	-		84
Other benefits and allowances			-				-	-		-
Payments in lieu of leave			45				-	-		45
Long service awards							-	-		-
Post-retirement benefit obligations	2						-	-		-
Sub Total - Senior Managers of Municipality		4 716	4 949	4 534	366	3 783	3 401	383	11%	4 949
% increase	4		4.9%	-3.9%						4.9%
Other Municipal Staff										
Basic Salaries and Wages		86 917	111 662	57 613	4 317	40 368	43 210	(2 842)	-7%	111 662
Pension and UIF Contributions		18 332	11 604	11 424	846	7 985	8 568	(583)	-7%	11 604
Medical Aid Contributions		13 993	6 705	8 150	900	5 626	6 113	(486)	-8%	6 705
Overtime		1 460	1 245	1 027	120	843	770	73	9%	1 245
Performance Bonus		(147)	-	35			26	(26)	-100%	-
Motor Vehicle Allowance		8 241	6 037	5 863	548	5 206	4 397	808	18%	6 037
Cellphone Allowance		133	596	119	1	5	89	(84)	-95%	596
Housing Allowances		823	565	516	46	428	387	41	11%	565
Other benefits and allowances		2 822	2 372	692	55	500	519	(19)	-4%	2 372
Payments in lieu of leave		6 511	4 228	4 342	34	4 075	3 257	819	25%	4 228
Long service awards		158	750				63	(63)	-100%	750
Post-retirement benefit obligations	2	2 095	4 324				360	(360)	-100%	4 324
Sub Total - Other Municipal Staff		141 339	150 086	89 781	6 866	65 036	67 759	(2 722)	-4%	150 086
% increase	4		6.2%	-36.5%						6.2%
Total Parent Municipality		153 023	162 740	102 038	7 810	74 096	76 951	(2 855)	-4%	162 740

Salary and council related expenditure totals R74.0m for the year ending 31 March 2015. This total represents 58.6% of all expenditure for the municipality.

A major concern of council is the increase in salary related cost and the impact this increase has on the rest of the operational functions and project spending. Attempting to address this concern council adopted a resolution with the Draft Budget 2015/16 MTREF that the municipality will investigate and implement a voluntarily early retirement policy. This policy should provide positive spin-off's within this MTREF period with a decrease in salary related expenditure in the 2017/18 financial year if implemented.

As a district the effect of the increasing salary cost and the diminishing or slow increase in the EQS replacement grant place severe strain on the rest of the council essential and core functions.

Various vacancies were also budgeted and some of these vacancies were removed in subsequent budget cycles.

The municipality as part of its Budget 2015/16 MTREF will revisit the salary budget and the vacancies will be revalued.

More information in terms of salaries will be made available over the next quarter of the financial year.

Section 9 – Municipal manager’s quality certification

NAVRAE ENQUIRIES S Stanley
KONTAKNR CONTACT NO 044 803 1343
VERW REF 6/18/7/2014-2015
KANTOOR OFFICES George
DATUM DATE 10 April 2015



QUALITY CERTIFICATE

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

(mark as appropriate)

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

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

Print name G.W. Louw

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

Signature [Signature]

Date 16/04/15