



# Munisipaliteit Camdeboo Municipality

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Best Performing Municipality 2010 – Beste Presterende Munisipaliteit 2010

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Town of the Year 2010 – Dorp van die Jaar 2010

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# SECTION 71 MONTHLY REPORT JULY 2016

## INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period commencing from 1<sup>st</sup> July and ending on 31 July 2016.

The consolidated statement assesses the in-year financial performance of municipalities' against their budgeted revenue and expenditure. The assessment of the in-year financial performance will be based on the s71 returns which include capital and operating budgets as well as debtors, creditors and cash flow that were submitted by the municipalities. The focus of this assessment is on the credible implementation of municipal budgets in relation to the IDP and SDBIP.

The report for this month will include accounting and Reporting as well as Compliance and Capacity Building issues. The report is inclusive in that it will report on all aspects related the municipality.

## LEGISLATIVE FRAMEWORK

In terms of section 71(1) of the Municipal Finance Management Act (MFMA) No. 56 of 2003, the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasuries a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- a) Actual revenue, per revenue source;
- b) Actual borrowings;
- c) Actual operating expenditure, per vote;
- d) Actual capital expenditure, per vote;
- e) The amount of any allocation received;
- f) Actual expenditure on those allocations, excluding expenditure on –
  - i. Its share of the local government equitable share; and
  - ii. Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph and;
- g) When necessary, an explanation of –
  - iii. Any material variance from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
  - iv. Any material variance from the service delivery and budget implementation plan; and
  - v. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remains within the municipality's approved budget.

EC101 Camdeboo - Table C1 Monthly Budget Statement Summary - M01 July

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	24,323	27,877	27,877	24,321	24,321	2,323	21,998	947%	27,877
Service charges	105,310	138,389	138,389	17,313	17,313	11,532	5,780	50%	138,389
Investment revenue	910	1,246	1,246	33	33	104	(71)	-68%	1,246
Transfers recognised - operational	67,078	56,421	56,421	7,222	7,222	4,702	2,520	54%	56,421
Other own revenue	6,102	8,999	8,999	(111)	(111)	750	(861)	-115%	8,999
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>203,722</b>	<b>232,932</b>	<b>232,932</b>	<b>48,778</b>	<b>48,778</b>	<b>19,411</b>	<b>29,367</b>	<b>151%</b>	<b>232,932</b>
Employee costs	75,095	86,526	86,526	6,048	6,048	7,211	(1,163)	-16%	86,526
Remuneration of Councillors	4,286	7,022	7,022	359	359	585	(226)	-39%	7,022
Depreciation & asset impairment	34,345	50,539	50,539	-	-	4,212	(4,212)	-100%	50,539
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	55,663	60,615	60,615	6,695	6,695	5,051	1,644	33%	60,615
Transfers and grants	18	38	38	2	2	3	(2)	-53%	38
Other expenditure	56,293	95,466	95,466	7,461	7,461	7,955	(495)	-6%	95,466
<b>Total Expenditure</b>	<b>225,699</b>	<b>300,206</b>	<b>300,206</b>	<b>20,564</b>	<b>20,564</b>	<b>25,017</b>	<b>(4,453)</b>	<b>-18%</b>	<b>300,206</b>
<b>Surplus/(Deficit)</b>	<b>(21,977)</b>	<b>(67,274)</b>	<b>(67,274)</b>	<b>28,214</b>	<b>28,214</b>	<b>(5,606)</b>	<b>33,820</b>	<b>-603%</b>	<b>(67,274)</b>
Transfers recognised - capital	-	44,302	44,302	-	-	3,692	(3,692)	-100%	44,302
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(21,977)</b>	<b>(22,972)</b>	<b>(22,972)</b>	<b>28,214</b>	<b>28,214</b>	<b>(1,914)</b>	<b>30,128</b>	<b>-1574%</b>	<b>(22,972)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(21,977)</b>	<b>(22,972)</b>	<b>(22,972)</b>	<b>28,214</b>	<b>28,214</b>	<b>(1,914)</b>	<b>30,128</b>	<b>-1574%</b>	<b>(22,972)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>28,253</b>	<b>44,302</b>	<b>44,302</b>	<b>89</b>	<b>89</b>	<b>3,692</b>	<b>(3,602)</b>	<b>-98%</b>	<b>44,302</b>
Capital transfers recognised	16,173	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	12,080	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>28,253</b>	<b>44,302</b>	<b>44,302</b>	<b>89</b>	<b>89</b>	<b>3,692</b>	<b>(3,602)</b>	<b>-98%</b>	<b>44,302</b>
<b>Financial position</b>									
Total current assets	39,333	53,585	53,585	-	52,828	-	-	-	53,585
Total non current assets	640,024	739,056	739,056	-	639,277	-	-	-	739,056
Total current liabilities	36,396	28,652	28,652	-	34,790	-	-	-	28,652
Total non current liabilities	34,922	27,834	27,834	-	34,908	-	-	-	27,834
<b>Community wealth/Equity</b>	<b>608,039</b>	<b>736,154</b>	<b>736,154</b>	<b>-</b>	<b>622,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>736,154</b>
<b>Cash flows</b>									
Net cash from (used) operating	31,802	(23,360)	(23,360)	1,081	1,081	(1,947)	(3,028)	156%	(23,360)
Net cash from (used) investing	(27,265)	(43,913)	(43,913)	(28)	(28)	(3,659)	(3,632)	99%	(43,913)
Net cash from (used) financing	10,748	2,010	2,010	-	-	167	167	100%	2,010
<b>Cash/cash equivalents at the month/year end</b>	<b>36,666</b>	<b>(65,484)</b>	<b>(65,484)</b>	<b>-</b>	<b>1,053</b>	<b>(5,658)</b>	<b>(6,712)</b>	<b>119%</b>	<b>(65,264)</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	22,545	1,704	1,218	1,078	1,099	984	16,861	46,911	92,401
<b>Creditors Age Analysis</b>									
Total Creditors	13,728	652	5	23	-	-	-	-	14,409

## IMPLEMENTATION OF MUNICIPAL BUDGETS

### Financial Performance

This section of the report focuses on the financial health of the municipality as reflected in the monthly budget statement submitted. Information regarding revenue collection and expenditure is detailed in this section.

### Operating Revenue

The operating revenue performance for the month reflects that municipalities generated an amount of R48.7 million or 17.5 per cent of the operating revenue budget of R277 million.

The performance of the individual items is as follows:

- **Property Rates:** The total budget amounts to R27.8 million, while the year to date revenue generated amounts to R24.3 million or 87 per cent of the budget. The high collection in the year is due to the annual debit raising of rates.
- **Service Charges:** The total budget amounts to R138 million, the year to date revenue generated amounts to R17 million or 12.5 per cent of the budget.
- **Investment revenue:** The total budget amounts to R1.2 million, the year to date receipts stands at R33 thousand or 2.6 per cent of the budget. The low income from investment is due to funds being utilised in operations.
- **Transfers recognised:** The total budget amounts to R100.7 million, while the current revenue generated to date amounts to R7.2 million or 12.8 per cent of the budget.

### Operating Expenditure

The year to date performance amounts to R20.5 million or 6.8 per cent of the total expenditure budget of R300.2 million.

The performances of the individual items are as follows:

- **Employee Related Costs:** The budget amounts to R86 million, while the expenditure to date amounts to R6 million or 6.99 per cent of the budget.
- **Remuneration of Councillors:** The budget amounts to R7 million, while the expenditure to date amounts to R359 thousand or 5.1 per cent of the budget.
- **Debt impairment:** The budget amounts to R5.6 million, while the year to date expenditure amounts to R120 thousand or 2.1 per cent of the budget. The underspending is due to impairment calculation being done annually.
- **Materials and bulk Purchases:** The budget amounts to R60.6 million, while the expenditure to date amounts to R6.6 million or 11 per cent of the budget.
- **Other expenditure:** The budget amounts to R95.4 million, while the year to date expenditure amounts to R7.4 million or 7.8 per cent of the budget.

### **Capital Funding Source and Expenditure**

This section of the report focuses on the capital base of the municipality as reflected in the monthly budget statement submitted. Information regarding capital funding and expenditure is detailed in this section.

### **Capital Revenue: Sources of Finance**

Capital revenue represents the sources of finances utilised to fund capital expenditure. There are a number of sources from which capital revenue is sourced; the major source of capital financing is from Government Grants and Subsidies since the municipality has a small revenue base or source.

### **The individual sources of finance reflected the following current month performance:**

- **Borrowings** reflect 0 per cent of total budget; this implies that municipality has not gone out to acquire external financing.
- **Public Contributions** also reflect 0 per cent of total budget; this implies that municipality has not gone out to acquire external financing.
- **Capital transfers recognised (Grants and Subsidies)** reflect R89 thousand has been spent to date of the total budget R44.3 million.

### **The performances of the individual items are as follows:**

- **Governance and administration:** reflects total budget of R1.1 million and a month performance of R8 thousand or 0.68 per cent.
- **Economic and environmental services:** reflects total budget of R3.7 million and a month performance of R52 thousand or 1.37 per cent.
- **Trading services:** reflects a budget of R38.6 million and a month performance of R29 thousand or 0.07 per cent.

EC101 Camdeboo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M01 July

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICE		-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - EXECUTIVE & COUNCIL		300	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATION		1,133	550	550	2	2	46	(44)	-96%	550
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICE		4,606	658	658	-	-	55	(55)	-100%	658
Vote 4 - CORPORATE SERVICES - PROTECTION		536	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		881	611	611	7	7	51	(44)	-87%	611
Vote 6 - TECHNICAL SERVICES - ENGINEERING		17,354	37,483	37,483	81	81	3,124	(3,042)	-97%	37,483
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		3,443	5,000	5,000	-	-	417	(417)	-100%	5,000
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	28,253	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302
<b>Total Capital Expenditure</b>		28,253	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302
<b>Capital Expenditure - Standard Classification</b>										
<i>Governance and administration</i>		2,051	1,161	1,161	8	8	97	(88)	-91%	1,161
Executive and council		300	-	-	-	-	-	-	-	-
Budget and treasury office		881	611	611	7	7	51	(44)	-87%	611
Corporate services		871	550	550	2	2	46	(44)	-96%	550
<i>Community and public safety</i>		5,061	658	658	-	-	55	(55)	-100%	658
Community and social services		3,590	-	-	-	-	-	-	-	-
Sport and recreation		935	658	658	-	-	55	(55)	-100%	658
Public safety		536	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3,474	3,794	3,794	52	52	316	(264)	-84%	3,794
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		3,474	3,794	3,794	52	52	316	(264)	-84%	3,794
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		17,666	38,690	38,690	29	29	3,224	(3,195)	-99%	38,690
Electricity		3,443	5,000	5,000	-	-	417	(417)	-100%	5,000
Water		393	23,440	23,440	-	-	1,953	(1,953)	-100%	23,440
Waste water management		13,487	10,250	10,250	29	29	854	(825)	-97%	10,250
Waste management		343	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard Classification</b>	3	28,253	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302
<b>Funded by:</b>										
National Government		16,173	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		16,173	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		12,080	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		28,253	44,302	44,302	89	89	3,692	(3,602)	-98%	44,302

## Debtors

The total outstanding debtor's book of the municipality for the month amounts to R92.4 million.

EC101 Camdeboo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2016/17									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo 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			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1,593	727	585	566	997	457	7,667	19,398	31,530	28,686		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	5,316	381	109	69	61	28	189	402	6,555	749		
Receivables from Non-exchange Transactions - Property Rates	1400	12,643	170	123	104	109	95	3,632	9,851	26,727	13,792		
Receivables from Exchange Transactions - Waste Water Management	1500	2,408	266	234	205	201	197	3,163	9,117	15,791	12,684		
Receivables from Exchange Transactions - Waste Management	1600	1,150	139	123	115	111	109	1,026	3,900	7,473	6,061		
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	(594)	21	44	18	20	99	384	4,242	4,264	4,703		
<b>Total By Income Source</b>	<b>2000</b>	<b>22,545</b>	<b>1,704</b>	<b>1,218</b>	<b>1,078</b>	<b>1,099</b>	<b>984</b>	<b>16,861</b>	<b>46,911</b>	<b>92,401</b>	<b>66,934</b>	<b>-</b>	<b>-</b>
2015/16 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	8,084	272	98	47	44	20	1,982	424	10,972	2,518		
Commercial	2300	5,882	181	90	59	77	107	1,254	2,283	9,934	3,781		
Households	2400	8,585	1,259	1,031	972	978	867	13,608	43,932	71,213	60,347		
Other	2500	(7)	-	-	-	-	-	16	271	261	288		
<b>Total By Customer Group</b>	<b>2600</b>	<b>22,545</b>	<b>1,704</b>	<b>1,218</b>	<b>1,078</b>	<b>1,099</b>	<b>984</b>	<b>16,861</b>	<b>46,911</b>	<b>92,401</b>	<b>66,934</b>	<b>-</b>	<b>-</b>

Debtors owing between 0-30 days amounts to R22 million, 31-60 days constitute R1.7 million.

Debtors owing over 1 year are the most significant with R46 million or 50.7 per cent, while the debt over 90 days constitute R66 million or 72 per cent which is alarming and has an adverse effect on cash flow. The municipality has introduced an incentive to aid collection of outstanding debt. This offer is applies to all residential customers, where 60% of debt older than 90 days will be collected from the customers via a payment agreement and the remaining 40% of the debt will be written off upon the conclusion of the payment agreement.

## Creditors

The total accounts payable in the month owed by the municipality amount to R14.4 million

Detail	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
Bulk Electricity	10,851,483	0	0	0	0	0	0	0	10,851,483
Bulk Water	0	0	0	0	0	0	0	0	0
PAYE deductions	0	0	0	0	0	0	0	0	0
VAT (output less input)	0	0	0	0	0	0	0	0	0
Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
Loan repayments	0	0	0	0	0	0	0	0	0
Trade Creditors	2,752,483	652,430	4,508	23,136	0	0	0	0	3,432,557
Auditor General	124,525	0	0	0	0	0	0	0	124,525
Other	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,728,491</b>	<b>652,430</b>	<b>4,508</b>	<b>23,136</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,408,565</b>
ESKOM HOLDINGS LTD	10,851,483	0	0	0	0	0	0	0	10,851,483
DIREKTE ORDER NIE KREDITEER	887,145	64,592	0	0	0	0	0	0	951,737
METSI CHEM EASTERN CAPE	394,099	191,625	2,318	0	0	0	0	0	588,042
BETAALMEESTERGENERAAL	462,101	0	0	0	0	0	0	0	462,101
SYNCHRONISED TRAFFIC SYSTEM	0	271,712	0	0	0	0	0	0	271,712
DIE POSMEESTER	192,639	0	0	0	0	0	0	0	192,639
SERVIPIX 72 CC	144,931	0	0	0	0	0	0	0	144,931
AUDITOR GENERAL	124,525	0	0	0	0	0	0	0	124,525
ELECTRICAL MOTOR REWINDER	118,160	0	0	0	0	0	0	0	118,160
NETNOWS CONSTRUCTION	0	75,700	0	0	0	0	0	0	75,700
<b>Total</b>	<b>13,175,083</b>	<b>603,629</b>	<b>2,318</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,781,030</b>

Creditors owed between 0-30 day's amounts to R13.7 million, 31-60 day's amounts to R652 thousand and 91-120 day's amounts to R 23 thousand the instances where creditors aren't paid within 30 days are due to invoices being received late.





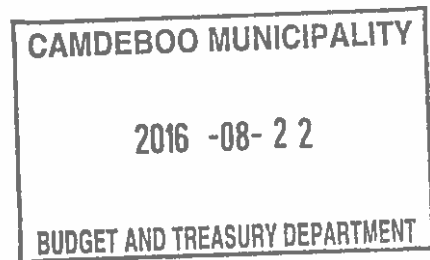
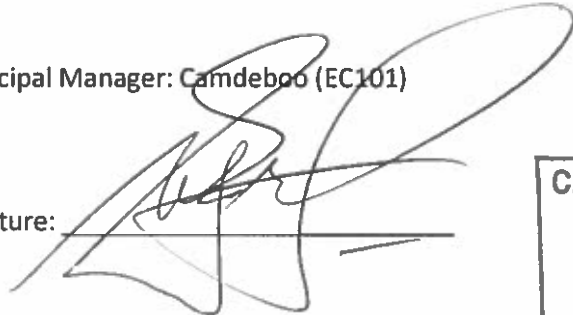
**MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I, *Martin Noel Pietersen*, Municipal Manager of Camdeboo Municipality, hereby certify that the S71 report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the S71 report and supporting documents are consistent with the annual budget and Integrated Development Plan of the Municipality.

Print Name: Martin Noel Pietersen

Municipal Manager: Camdeboo (EC101)

Signature:



Date: 22 August 2016