

**DR BEYERS NAUDÉ LOCAL MUNICIPALITY
DR BEYERS NAUDÉ PLAASLIKE MUNISIPALITEIT**

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**SECTION 71
MONTHLY
REPORT
AUGUST
2016**

INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period commencing from 1st August and ending on 31 August 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 Dr. Beyers Naude - Table C1 Monthly Budget Statement Summary - M02 August

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
R thousands									
Financial Performance									
Property rates	-	35,441	35,441	365	365	2,953	(2,588)	-88%	35,441
Service charges	-	176,985	176,985	12,471	12,471	14,749	(2,277)	-15%	176,985
Investment revenue	-	1,340	1,340	8	8	112	(104)	-93%	1,340
Transfers recognised - operational	-	131,095	131,095	21,311	21,311	10,925	10,386	95%	131,095
Other own revenue	-	14,780	14,780	3,281	3,281	1,232	2,050	166%	14,780
Total Revenue (excluding capital transfers and contributions)	-	359,641	359,641	37,436	37,436	29,970	7,466	25%	359,641
Employee costs	-	120,809	120,809	6,034	6,034	10,067	(4,033)	-40%	120,809
Remuneration of Councillors	-	10,189	10,189	558	558	849	(291)	-34%	10,189
Depreciation & asset impairment	-	66,612	66,612	-	-	5,551	(5,551)	-100%	66,612
Finance charges	-	1,313	1,313	-	-	109	(109)	-100%	1,313
Materials and bulk purchases	-	73,936	73,936	-	-	6,161	(6,161)	-100%	73,936
Transfers and grants	-	28,075	28,075	2	2	2,340	(2,338)	-100%	28,075
Other expenditure	-	123,343	123,343	4,702	4,702	10,279	(5,576)	-54%	123,343
Total Expenditure	-	424,278	424,278	11,296	11,296	35,357	(24,060)	-68%	424,278
Surplus/(Deficit)	-	(64,637)	(64,637)	26,139	26,139	(5,386)	31,526	-585%	(64,637)
Transfers recognised - capital	-	108,129	108,129	682	682	9,011	(8,329)	-92%	108,129
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	43,492	43,492	26,822	26,822	3,624	23,197	640%	43,492
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	43,492	43,492	26,822	26,822	3,624	23,197	640%	43,492
Capital expenditure & funds sources									
Capital expenditure	-	99,309	99,309	1,823	1,823	8,276	(6,453)	-78%	99,309
Capital transfers recognised	-	99,169	99,169	1,823	1,823	8,264	(6,441)	-78%	99,169
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	140	140	-	-	12	(12)	-100%	140
Total sources of capital funds	-	99,309	99,309	1,823	1,823	8,276	(6,453)	-78%	99,309
Financial position									
Total current assets	-	67,354	67,354		108,021				67,354
Total non current assets	-	1,182,632	1,182,632		639,656				1,182,632
Total current liabilities	-	74,855	74,855		39,508				74,855
Total non current liabilities	-	52,214	52,214		34,665				52,214
Community wealth/Equity	-	1,122,917	1,122,917		673,504				1,122,917
Cash flows									
Net cash from (used) operating	-	43,040	43,040	24,067	24,067	3,587	(20,480)	-571%	43,040
Net cash from (used) investing	-	(98,856)	(98,856)	519	519	(8,238)	(8,757)	106%	(98,856)
Net cash from (used) financing	-	2,010	2,010	-	-	167	167	100%	2,010
Cash/cash equivalents at the month/year end	-	(53,279)	(53,279)	-	24,586	(3,956)	(28,542)	722%	(53,807)
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	22,013	2,717	1,863	17,104	11,081	1,064	17,381	47,304	120,529
Creditors Age Analysis									
Total Creditors	12,106	3,276	1,779	5,468	28,352	1,926	14,107	-	67,014

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 R37.4 million or 10.4 per cent of the operating revenue budget of R359 million.

The performance of the individual items is as follows:

- **Property Rates:** The total budget amounts to R35.4 million, while the year to date revenue generated amounts to R365 thousand or 1.02 per cent of the budget.
- **Service Charges:** The total budget amounts to R176 million, the year to date revenue generated amounts to R12 million or 7.04 per cent of the budget.
- **Investment revenue:** The total budget amounts to R1.3 million, the year to date receipts stands at R8 thousand or 0.59 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 R131 million, while the current revenue generated to date amounts to R21.3 million or 16.2 per cent of the budget.

Operating Expenditure

The year to date performance amounts to R11.2 million or 2.6 per cent of the total expenditure budget of R424.2 million.

The performances of the individual items are as follows:

- **Employee Related Costs:** The budget amounts to R120.8 million, while the expenditure to date amounts to R6 million or 4.9 per cent of the budget.
- **Remuneration of Councillors:** The budget amounts to R10.1 million, while the expenditure to date amounts to R558 thousand or 5.4 per cent of the budget.
- **Debt impairment:** The budget amounts to R7.1 million, while the year to date expenditure amounts to R6 thousand or 0.08 per cent of the budget. The underspending is due to impairment calculation being done annually.
- **Other expenditure:** The budget amounts to R123.3 million, while the year to date expenditure amounts to R4.7 million or 3.8 per cent of the budget.

EC101 Dr. Beyers Naude - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M02
August

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
R thousands	1									
Multi-Year expenditure appropriation	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]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7									
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATION		-	550	550	50	50	46	4	9%	550
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICE		-	1,847	1,847	-	-	154	(154)	-100%	1,847
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	611	611	50	50	51	(1)	-2%	611
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	88,057	88,057	1,723	1,723	7,339	(5,615)	-77%	88,057
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	8,244	8,244	-	-	637	(637)	-100%	8,244
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]		-	-	-	-	-	-	-	-	-
Total Capital single year expenditure	4		99,309	99,309	1,823	1,823	8,276	(6,453)	-78%	99,309
Total Capital Expenditure			99,309	99,309	1,823	1,823	8,276	(6,453)	-78%	99,309
Capital Expenditure - Standard Classification										
Governance and administration			1,161	1,161	100	100	97	3	3%	1,161
Executive and Council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	611	611	50	50	51	(1)	-2%	611
Corporate services		-	550	550	50	50	46	4	9%	550
Community and public safety			1,847	1,847	-	-	154	(154)	-100%	1,847
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	1,847	1,847	-	-	154	(154)	-100%	1,847
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services			12,074	12,074	324	324	1,006	(682)	-63%	12,074
Planning and development		-	487	487	-	-	41	(41)	-100%	487
Road transport		-	11,587	11,587	324	324	966	(642)	-66%	11,597
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services			84,228	84,228	1,399	1,399	7,019	(5,620)	-83%	84,228
Electricity		-	8,244	8,244	-	-	637	(637)	-100%	8,244
Water		-	62,875	62,875	-	-	5,240	(5,240)	-100%	62,875
Waste water management		-	13,109	13,109	1,399	1,399	1,092	307	23%	13,109
Waste management		-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3		99,309	99,309	1,823	1,823	8,276	(6,453)	-78%	99,309
Funded by:										
National Government			75,210	75,210	1,823	1,823	6,517	(4,694)	-72%	75,210
Provincial Government			20,559	20,559	-	-	1,747	(1,747)	-100%	20,559
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-	-	-
Transfers recognised - capital			99,169	99,169	1,823	1,823	8,264	(6,441)	-78%	99,169
Public contributions & donations			-	-	-	-	-	-	-	-
Borrowing			-	-	-	-	-	-	-	-
Internally generated funds			140	140	-	-	12	(12)	-100%	140
Total Capital Funding			99,309	99,309	1,823	1,823	8,276	(6,453)	-78%	99,309

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:

- Capital transfers recognised (Grants and Subsidies) reflect R1.8 million has been spent to date of the total budget R99.1 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 R100 thousand or 8.6 per cent.
- **Economic and environmental services:** reflects total budget of R12. million and a month performance of R324 thousand or 2.68 per cent.
- **Trading services:** reflects a budget of R84.2 million and a month performance of R1.3 million or 1.66 per cent.

CAPITAL EXPENDITURE FOR AUGUST 2016		
Projects	Expenditure	Total Budget
AIRCONS: AB LIB HALL/THEMB SOP 2016/17	50,185	100,000
IT: 10 PC/LAPTOPS 2016/17	49,865	175,000
RESEALING OF BUS ROADS 2016/17	323,809	2,766,430
UPG OF THEMBALES SEW SYSTEMS 2016/17	1,399,384	7,271,656
TOTAL	1,823,243	10,313,086

Debtors

The total outstanding debtor's book of the municipality for the month amounts to R120.5 million.

EC101 Dr. Beyers Naude - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description		NT Code	Budget Year 2016/17										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	Total over 90 days		
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	1,836	983	818	733	6,415	585	8,039	19,479	38,888	35,251			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	6,068	842	321	163	3,884	56	207	476	12,016	4,785			
Receivables from Non-exchange Transactions - Property Rates	1400	12,035	194	157	4,746	99	106	3,501	9,875	30,713	18,327			
Receivables from Exchange Transactions - Waste Water Management	1500	1,876	378	331	6,042	200	195	3,310	9,239	21,570	18,985			
Receivables from Exchange Transactions - Waste Management	1600	1,192	248	222	5,394	111	108	1,901	3,982	13,159	11,496			
Receivables from Exchange Transactions - Property Rental Debtors	1700								-	-	-			
Interest on Arrear Debtor Accounts	1810								-	-	-			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820								-	-	-			
Other	1900	(994)	72	14	26	374	14	424	4,253	4,183	5,091			
Total By Income Source	2000	22,013	2,717	1,863	17,104	11,881	1,064	17,381	47,384	120,529	93,935	-	-	
2015/16 - totals only									-	-				
Debtors Age Analysis By Customer Group														
Organs of State	2200	5,665	558	290	279	431	43	1,798	429	9,492	2,980			
Commercial	2300	5,722	306	125	1,733	303	75	1,311	2,335	11,910	5,757			
Households	2400	10,619	1,854	1,448	15,092	10,347	947	14,257	44,276	98,839	84,919			
Other	2500	8						15	265	288	280			
Total By Customer Group	2600	22,013	2,717	1,863	17,104	11,881	1,064	17,381	47,384	120,529	93,935	-	-	

Debtors owing between 0-30 days amounts to R22 million, 31-60 days constitute R2.7 million.

Debtors owing over 1 year are the most significant with R47 million or 39.2 per cent, while the debt over 90 days constitute R93.9 million or 78 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.

Creditors

The total accounts payable in the month owed by the municipality amount to R67 million

	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
Detail									
Bulk Electricity	8,785,957	3,021,402	795,351	2,320,613	13,822,057	1,591,453	597,609	0	30,934,442
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	205,595	1,566	0	0	0	207,161
Loan repayments	0	0	0	0	0	0	0	0	0
Trade Creditors	3,004,916	204,319	936,930	2,694,096	8,255,812	266,059	4,688,083	0	20,050,215
Auditor General	315,620	50,193	46,771	247,474	6,272,188	68,419	8,821,728	0	15,822,393
Other	0	0	0	0	0	0	0	0	0
Total	12,106,493	3,275,914	1,779,052	5,467,778	28,351,623	1,925,931	14,107,420	0	67,014,211
Eskom Holdings	8,785,957	3,021,402	795,351	2,320,613	13,822,060	1,591,453	597,609	0	30,934,445
Auditor General	315,620	50,193	46,771	247,474	6,272,188	68,419	8,821,728	0	15,822,393
Salga	0	0	500,000	5,578	1,554,000	0	2,526,678	0	4,586,256
Bytes	0	0	147,024	0	756,795	0	1,328,544	0	2,232,363
MaxProf	0	0	0	0	1,422,036	0	0	0	1,422,036
MTN	15,555	7,810	0	1,167,843	0	0	0	0	1,191,208
A2A	0	0	0	291,342	717,187	0	0	0	1,008,529
Dept of Transport	0	0	0	2,923	205,226	72,666	330,056	0	610,871
Massive Dynamics	0	0	0	0	588,242	0	0	0	588,242
Telkom	0	0	0	0	502,955	0	0	0	502,955
Total	9,117,132	3,079,405	1,489,146	4,035,773	25,840,689	1,732,538	13,604,615	0	58,899,298

Creditors owed between 0-30 day's amounts to R12.1million, 31-60 day's amounts to R3.2 million and 91-120 day's amounts to R 5.4 million. The municipality is experiencing cash flow problems and creditors cannot be paid within the legislatively required 30 days.

Cash-flows

The municipality had a positive bank balance of R 24.8 million at the end of the month.

Summary of Cash Flow position (Primary Bank Account) as at 31 August 2016.

CASHBOOK: FIRST NATIONAL BANK	
	Amount
BALANCE: 01/08/2016	R 299 779.42
DEPOSITS	R 43 928 547.93
CHEQUES	R -5 555 284.50
DIRECT DEPOSITS	R -
BANK TRANSFERS	R -4 747 431.96
BANK CHARGES	R -63 606.61
INTEREST RECEIVED	R 2 151.86
SUNDRY CHARGE	R -190 949.99
EFT PAYMENTS	R -5 978 231.41
BALANCE: 31/08/2016	R 27 694 974.74
Unreconciled items	R -2 809 055.45
Balance per Bank Statement	R 24 885 919.29

[illegible]

Grants received and expenditure on Grant Funding – August 2016

DESCRIPTION / GRANT	BUDGET AMOUNT	YTD AMOUNT RECEIVED - AUGUST 2016	YTD EXPENDITURE - AUGUST 2016
EPWP	3,101,000		52,005
FMG	5,460,000		94,706
MIG	37,623,000		1,852,556
INEP	7,153,000	0	0
EQUITABLES SHARE	84,241,000	28,008,000	1,204,585
SETA	152,670	36,072	0
DEPT OF HUMAN SETTLEMENTS	717,257	178,650	112,390
RBIG	59,948,000	682,219	
ENERGY EFFICIENCY GRANT	3,000,000	0	0
Municipal Demarcation	20,143,000	0	35,604

Bank and Investment Balances – August 2016

Bank & Investment Balances - August 2016		
FUND	INSTITUTION	CLOSING BALANCE
Money Market - GRT	Absa Bank	20,724.80
Call Account - GRT	First National Bank	131.76
7 Day Interest Plus - GRT	First National Bank	920,849.16
Current Account - GRT	First National Bank	24,885,919.29
Current Account - Aberdeen	Absa Bank	730,218.07
Current Account - Ikwezi	Absa Bank	87,044.57
Current Account - Ikwezi	Standard Bank	309,089.89
Current Account - Bavians	Absa Bank	2,046,684.97
Current Account - Bavians	Standard Bank	208,224.93

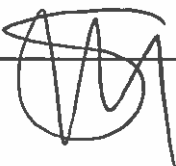
MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, *Jama Vumazonke*, Acting Municipal Manager of Dr. Beyers Naudé Local 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: (Acting MM) Mr. J Vumazonke

Signature: 

Print Name: Acting CFO Mr. S Mbotya

Signature: 

Dr Beyer Naudé Local Municipality(EC101)

Date: 23 March 2017

