

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

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**SECTION 71
MONTHLY
REPORT
OCTOBER
2016**

INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period commencing from 1st October and ending on 30 October 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 - M04 October

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	136	24 947	11 814	13 133	111%	35 441
Service charges	-	176 985	176 985	14 625	56 622	58 995	(2 373)	-4%	176 985
Investment revenue	-	1 340	1 340	96	215	447	(232)	-52%	1 340
Transfers recognised - operational	-	131 095	131 095	35	33 849	43 698	(9 849)	-23%	131 095
Other own revenue	-	14 780	14 780	1 046	4 679	4 927	(247)	-5%	14 780
Total Revenue (excluding capital transfers and contributions)	-	359 641	359 641	15 940	120 312	119 880	432	0%	359 641
Employee costs	-	120 809	120 809	9 364	30 528	40 270	(9 742)	-24%	120 809
Remuneration of Councillors	-	10 189	10 189	661	2 243	3 396	(1 153)	-34%	10 189
Depreciation & asset impairment	-	66 612	66 612	-	4 275	22 204	(17 929)	-81%	66 612
Finance charges	-	1 313	1 313	-	-	438	(438)	-100%	1 313
Materials and bulk purchases	-	73 936	73 936	-	25 180	24 645	535	2%	73 936
Transfers and grants	-	28 075	28 075	-	5	9 358	(9 354)	-100%	28 075
Other expenditure	-	123 343	123 343	6 047	23 941	41 114	(17 173)	-42%	123 343
Total Expenditure	-	424 278	424 278	16 072	86 171	141 426	(55 255)	-39%	424 278
Surplus/(Deficit)	-	(64 637)	(64 637)	(133)	34 141	(21 546)	55 686	-258%	(64 637)
Transfers recognised - capital	-	108 129	108 129	2 000	13 923	36 043	(22 120)	-61%	108 129
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	43 492	43 492	1 867	48 063	14 497	33 566	232%	43 492
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	43 492	43 492	1 867	48 063	14 497	33 566	232%	43 492
Capital expenditure & funds sources									
Capital expenditure	-	99 309	99 309	3 403	8 215	33 103	(24 888)	-75%	99 309
Capital transfers recognised	-	99 169	99 169	3 403	8 215	33 056	(24 841)	-75%	99 169
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	140	140	-	-	47	(47)	-100%	140
Total sources of capital funds	-	99 309	99 309	3 403	8 215	33 103	(24 888)	-75%	99 309
Financial position									
Total current assets	-	67 354	67 354	-	102 822	-	-	-	67 354
Total non current assets	-	1 182 632	1 182 632	-	642 568	-	-	-	1 182 632
Total current liabilities	-	74 855	74 855	-	41 685	-	-	-	74 855
Total non current liabilities	-	52 214	52 214	-	34 634	-	-	-	52 214
Community wealth/Equity	-	1 122 917	1 122 917	-	669 071	-	-	-	1 122 917
Cash flows									
Net cash from (used) operating	-	43 040	43 040	-	-	14 347	14 347	100%	(359 449)
Net cash from (used) investing	-	(98 856)	(98 856)	-	-	(32 952)	(32 952)	100%	(98 856)
Net cash from (used) financing	-	2 010	2 010	-	-	670	670	100%	-
Cash/cash equivalents at the month/year end	-	(53 279)	(53 279)	-	-	(17 407)	(17 407)	100%	(458 305)
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	8 152	9 535	9 451	2 173	1 706	16 850	28 794	47 411	124 071
Creditors Age Analysis									
Total Creditors	2 259	3 441	8 990	34 843	10 991	913	1 729	10 878	74 043

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.

Revenue

The revenue performance for the month reflects that municipalities has generated an amount of R17.9million or 3.8 per cent of the revenue budget of 467.7 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 R24.9 million or 70.4 per cent of the budget.
- **Service Charges:** The total budget amounts to R176 million, the year to date revenue generated amounts to R56.6 million or 32 per cent of the budget.
- **Investment revenue:** The total budget amounts to R1.3 million, the year to date receipts stands at R215 thousand or 16 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 R33.8 million or 25.8 per cent of the budget.

Operating Expenditure

The year to date performance amounts to R86.1 million or 20.3 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 R30.5 million or 25.3 per cent of the budget.
- **Remuneration of Councillors:** The budget amounts to R10.1 million, while the expenditure to date amounts to R2.2 million or 22 per cent of the budget.
- **Debt impairment:** The budget amounts to R7.1 million, while the year to date expenditure amounts to R126 thousand or 1.8 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 R23.9 million or 19.4 per cent of the budget.

EC101 Dr. Beyers Naude - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M04
October

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	-	52	183	(131)	-72%	550
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICE		-	1 847	1 847	-	-	616	(616)	-100%	1 847
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	-	-	-	-		-
Vote 5 - FINANCIAL SERVICES		-	611	611	63	119	204	(84)	-41%	611
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	88 057	88 057	3 340	8 044	29 352	(21 308)	-73%	88 057
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	8 244	8 244	-	-	2 748	(2 748)	-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	3 403	8 215	33 103	(24 888)	-75%	99 309
Total Capital Expenditure		-	99 309	99 309	3 403	8 215	33 103	(24 888)	-75%	99 309
Capital Expenditure - Standard Classification										
<i>Governance and administration</i>		-	1 181	1 181	83	171	387	(216)	-56%	1 181
Executive and council		-	-	-	-	-	-	-		-
Budget and treasury office		-	611	611	63	119	204	(84)	-41%	611
Corporate services		-	550	550	-	52	183	(131)	-72%	550
<i>Community and public safety</i>		-	1 847	1 847	-	-	616	(616)	-100%	1 847
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		-	1 847	1 847	-	-	616	(616)	-100%	1 847
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>		-	12 074	12 074	299	1 100	4 025	(2 925)	-73%	12 074
Planning and development		-	487	487	-	-	162	(162)	-100%	487
Road transport		-	11 587	11 587	299	1 100	3 862	(2 762)	-72%	11 587
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		-	84 228	84 228	3 041	6 944	28 078	(21 132)	-75%	84 228
Electricity		-	8 244	8 244	-	1	2 748	(2 747)	-100%	8 244
Water		-	62 875	62 875	2 987	2 987	20 958	(17 971)	-86%	62 875
Waste water management		-	13 109	13 109	54	3 958	4 370	(413)	-9%	13 109
Waste management		-	-	-	-	-	-	-		-
<i>Other</i>		-	-	-	-	-	-	-		-
Total Capital Expenditure - Standard Classification	3	-	99 309	99 309	3 403	8 215	33 103	(24 888)	-75%	99 309
Funded by:										
National Government		-	78 210	78 210	3 403	8 215	26 070	(17 855)	-68%	78 210
Provincial Government		-	20 959	20 959	-	-	6 986	(6 986)	-100%	20 959
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		-	99 169	99 169	3 403	8 215	33 058	(24 841)	-75%	99 169
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		-	140	140	-	-	47	(47)	-100%	140
Total Capital Funding		-	99 309	99 309	3 403	8 215	33 103	(24 888)	-75%	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 R8.2 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 R63 thousand or 5.4 per cent.
- **Economic and environmental services:** reflects total budget of R12. million and a month performance of R299 thousand or 2.5 per cent.
- **Trading services:** reflects a budget of R84.2 million and a month performance of R3 million or 3.6 per cent.
-

CAPITAL EXPENDITURE FOR OCTBER 2016

PROJECTS:	MONTH AMOUNT	ANNUAL BUDGET
IT: 10 PC/LAPTOPS 2016/17	R 62 832	R 175 000
BUILD & TARR OF ROADS 2016/17	R 31 415	R 1 027 501
RESEALING OF BUS ROADS 2016/17	R 267 239	R 2 766 430
UPG WWTW KLIPPLAAT 2016/17	R 54 097	R 2 824 046
UPG OF EMERG WATER SUPPLY GRT	R 2 987 329	R 23 440 000
TOTALS	R 3 402 913	R 30 232 977

Debtors

The total outstanding debtor's book of the municipality for the month amounts to R124 million.

EC101 Dr. Beyers Naude - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2016/17										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts L to 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	425	1 681	1 606	784	750	681	14 813	19 466	40 206	36 495			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	7 421	3 290	1 071	614	284	112	4 014	412	17 218	5 436			
Receivables from Non-exchange Transactions - Property Rates	1400	362	3 251	4 825	151	142	4 650	3 490	9 938	26 889	18 372			
Receivables from Exchange Transactions - Waste Water Management	1500	615	665	1 153	338	308	6 014	3 613	9 292	21 998	19 566			
Receivables from Exchange Transactions - Waste Management	1600	371	503	695	222	207	5 367	2 057	4 014	13 436	11 667			
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-			
Interest on Arrear Debtor Accounts	1810									-	-			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-			
Other	1900	(1 041)	145	101	64	13	26	805	4 289	4 403	5 156			
Total By Income Source	2000	8 152	9 535	9 451	2 173	1 706	16 850	28 794	47 411	124 071	96 934	-	-	
2015/16 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	1 850	1 427	4 109	471	256	198	2 066	416	10 794	3 408			
Commercial	2300	3 545	2 941	964	245	111	1 698	1 676	2 327	13 505	6 056			
Households	2400	2 759	5 150	4 370	1 458	1 339	14 954	25 039	44 404	99 472	87 193			
Other	2500	(2)	17	8	-	-	-	13	264	300	277			
Total By Customer Group	2600	8 152	9 535	9 451	2 173	1 706	16 850	28 794	47 411	124 071	96 934	-	-	

Debtors owing between 0-30 days amounts to R8.1 million, 31-60 days constitute R9.3 million.

Debtors owing over 1 year are the most significant with R47 million or 38.2 per cent, while the debt over 90 days constitute R96 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

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	1 057 233	831 218	2 588 050	30 159 464	1 591 453	423 498	0	0	36 650 916
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	868 965	2 562 778	6 154 187	4 540 089	3 202 694	290 160	883 694	3 100 145	21 602 710
Auditor General	332 589	46 771	247 474	143 567	6 197 040	198 895	845 261	7 777 572	15 789 169
Other	0	0	0	0	0	0	0	0	0
Total	2 258 787	3 440 766	8 989 711	34 843 119	10 991 187	912 553	1 728 955	10 877 717	74 042 796
ESKOM	1 057 233	831 218	2 588 050	30 159 464	1 591 453	423 498	0	0	36 650 916
AUDITOR GENERAL	332 589	46 771	247 474	143 567	6 197 040	198 895	845 261	7 777 572	15 789 169
SALGA	0	0	500 000	5 578	1 554 000	0	0	2 526 678	4 586 256
BYTES UNIVERSAL SYSTEMS	0	147 024	0	535 510	0	0	0	1 141 165	1 823 699
MAXPROF	0	0	0	0	1 422 036	0	0	0	1 422 036
SERVIPIX 72 CC	0	10 529	1 268 972	0	0	0	0	0	1 279 501
MTN	23 365	0	1 167 843	0	0	0	0	0	1 191 208
A2A KOPANO	0	0	291 342	0	717 187	0	0	0	1 008 529
DEPARTEMENT OF TRANSPORT	0	0	2 923	205 226	72 666	146 865	183 191	0	610 871
MASSIVE DYNAMICS	0	0	0	0	588 242	0	0	0	588 242
Total	1 413 187	1 035 542	6 066 604	31 049 345	12 142 624	769 258	1 028 452	11 445 415	64 950 427

Creditors owed between 0-30 day's amounts to R2.2million, 31-60 day's amounts to R3.4 million and 91-120 day's amounts to R 34.8 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 263 thousand at the end of the month.

Bank and Investment Balances – October 2016

Bank & Investment Balances- October 2016		
FUND	INSTITUTION	CLOSING BALANCE
Money Market - GRT	Absa Bank	20937.31
Call Account - GRT	First National Bank	10684635.71
7 Day Interest Plus -GRT	First National Bank	931421.15
Current Account - GRT	First National Bank	263697.41
Current Account - Aberdeen	Absa Bank	1278173.11
Current Account - Ikwezi	Absa Bank	-2598.07
Current Account - Ikwezi	Standard Bank	825980.44
Current Account - Bavianaans	Absa Bank	458887.58
Current Account - Bavianaans	Standard Bank	387046.61

Grants received and expenditure on Grant Funding – October 2016

DESCRIPTION/GRANT	BUDGET AMOUNT	YTD AMOUNT RECEIVED- OCTOBER 2016	YTD EXPENDITURE AMOUNT- OCTOBER 2016
EPWP	3 101 000	775 000	83 488
FMG	5 460 000	5 460 000	221 246
MIG	37 623 000	8 287 000	5 219 849
INEP	7 153 000	3 000 000	0
EQUITABLE SHARE	84 241 000	28 008 000	7 439 416
SETA	152 670	71 294	
DEPT: HUMAN SETTLEMENT	717 257	178 650	578 717
RBIG	59 948 000	4 697 365	6 971 584
LED GRANT	555 397	150 000	
MUN DEMACATION	20 143 000		89 417

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.

Dr Beyer Naudé Local Municipality(EC101)

Print Name: (Acting MM) Mr. J Vumazonke

Signature: 

Print Name: Acting CFO Mr. S Mbotya

Signature: 

Date: 23 March 2017

