

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

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**SECTION 71
MONTHLY
REPORT
DECEMBER
2016**

INTRODUCTION

This consolidated budget statement and report covers the financial performance of municipalities for the period commencing from 1st December and ending on 31 December 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 - M06 December

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	135	25,218	17,720	7,497	42%	35,441
Service charges	-	176,985	176,985	11,735	79,669	88,493	(8,824)	-10%	176,985
Investment revenue	-	1,340	1,340	142	438	670	(232)	-35%	1,340
Transfers recognised - operational	-	131,095	131,095	32,483	66,182	65,548	635	1%	131,095
Other own revenue	-	14,780	14,780	617	5,588	7,390	(1,802)	-24%	14,780
Total Revenue (excluding capital transfers and contributions)	-	359,641	359,641	45,112	177,095	179,821	(2,725)	-2%	359,641
Employee costs	-	120,809	120,809	10,884	54,808	60,405	(5,596)	-9%	120,809
Remuneration of Councillors	-	10,189	10,189	667	3,589	5,095	(1,505)	-30%	10,189
Depreciation & asset impairment	-	66,612	66,612	-	4,275	33,306	(29,031)	-87%	66,612
Finance charges	-	1,313	1,313	-	-	657	(657)	-100%	1,313
Materials and bulk purchases	-	73,936	73,936	12,462	43,490	36,968	6,522	18%	73,936
Transfers and grants	-	28,075	28,075	3	8	14,038	(14,030)	-100%	28,075
Other expenditure	-	123,343	123,343	4,872	34,644	61,672	(27,028)	-44%	123,343
Total Expenditure	-	424,278	424,278	28,887	140,814	212,139	(71,325)	-34%	424,278
Surplus/(Deficit)	-	(64,637)	(64,637)	16,225	36,281	(32,318)	68,600	-212%	(64,637)
Transfers recognised - capital	-	108,129	108,129	16,828	32,901	54,065	(21,164)	-39%	108,129
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	43,492	43,492	33,052	69,182	21,746	47,435	218%	43,492
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	43,492	43,492	33,052	69,182	21,746	47,435	218%	43,492
Capital expenditure & funds sources									
Capital expenditure	-	99,309	99,309	1,391	11,819	49,655	(37,836)	-76%	99,309
Capital transfers recognised	-	99,169	99,169	1,391	11,819	49,584	(37,766)	-76%	99,169
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	140	140	-	-	70	(70)	-100%	140
Total sources of capital funds	-	99,309	99,309	1,391	11,819	49,655	(37,836)	-76%	99,309
Financial position									
Total current assets	-	67,354	67,354		127,950				67,354
Total non current assets	-	1,182,632	1,182,632		648,317				1,182,632
Total current liabilities	-	74,855	74,855		42,316				74,855
Total non current liabilities	-	52,214	52,214		34,594				52,214
Community wealth/Equity	-	1,122,917	1,122,917		699,357				1,122,917
Cash flows									
Net cash from (used) operating	-	43,040	43,040	-	-	21,520	21,520	100%	43,040
Net cash from (used) investing	-	(98,856)	(98,856)	-	-	(49,428)	(49,428)	100%	(98,856)
Net cash from (used) financing	-	2,010	2,010	-	-	1,005	1,005	100%	2,010
Cash/cash equivalents at the month/year end	-	(53,279)	(53,279)	-	-	(26,375)	(26,375)	100%	(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	5,656	4,753	3,086	5,573	8,085	1,852	46,602	47,298	122,905
Creditors Age Analysis									
Total Creditors	2,218	2,975	9,386	20,399	34,813	-	-	-	69,790

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 generated an amount of R45.1 million or 12.5 per cent of the 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 R 25.2 or 71 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 R176 million, the year to date revenue generated amounts to R79 million or 45 per cent of the budget.
- **Investment revenue:** The total budget amounts to R1.3 million, the year to date receipts stands at R438 thousand or 32.68 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 R66 million or 50 per cent of the budget.

Expenditure

The year to date performance amounts to R140.8 million or 33.1 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 R54.8 million or 45.3 per cent of the budget,
- **Remuneration of Councillors:** The budget amounts to R10.1 million, while the expenditure to date amounts to R3.5 million or 35.2 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 1.7 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 R34.6 million or 28 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:

- Capital transfers recognised (Grants and Subsidies) reflect R11.8 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 R26 thousand, to date R 197 thousand or 16.9 per cent.
- **Economic and environmental services:** reflects total budget of R12 million and a month performance of R 734 thousand, to date R2.5 million or 21.2 per cent.
- **Trading services:** reflects a budget of R84.2 million and a month performance of R631 thousand, to date R9 million or 10.8 per cent.

CAPITAL EXPENDITURE FOR DECEMBER 2016		
PROJECTS	EXPENDITURE	TOTAL BUDGET
IT: 10 PC/LAPTOPS 2016/17	25,914	175,000
BUILD & TARR OF ROADS 2016/17	71,101	1,027,501
RESEALING OF BUS ROADS 2016/17	662,846	2,766,430
UPG OF WWTW PHASE 2C 2016/17	4,871	2,011,319
UPG OF THEMBALES SEW SYSTEMS 2016/17	580,881	7,271,656
UPG/REPL/NEW MV INFRASTR/CABLES/LINES 20	45,674	5,000,000
TOTALS	1,391,288	18,251,906

EC101 Dr. Beyers Naude - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06
December

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	275	(223)	-81%	550
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICE		-	1,847	1,847	-	-	924	(924)	-100%	1,847
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	611	611	26	145	305	(160)	-52%	611
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	88,057	88,057	1,320	11,575	44,029	(32,453)	-74%	88,057
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	8,244	8,244	46	46	4,122	(4,076)	-99%	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	1,391	11,819	49,655	(37,836)	-76%	99,309
Total Capital Expenditure		-	99,309	99,309	1,391	11,819	49,655	(37,836)	-76%	99,309
Capital Expenditure - Standard Classification										
Governance and administration		-	1,161	1,161	26	197	580	(383)	-66%	1,161
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	611	611	26	145	305	(160)	-52%	611
Corporate services		-	550	550	-	52	275	(223)	-81%	550
Community and public safety		-	1,847	1,847	-	-	924	(924)	-100%	1,847
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	1,847	1,847	-	-	924	(924)	-100%	1,847
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	12,074	12,074	734	2,560	6,037	(3,477)	-58%	12,074
Planning and development		-	487	487	-	-	244	(244)	-100%	487
Road transport		-	11,587	11,587	734	2,560	5,793	(3,234)	-56%	11,587
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	84,228	84,228	631	9,062	42,114	(33,052)	-78%	84,228
Electricity		-	8,244	8,244	46	46	4,122	(4,076)	-99%	8,244
Water		-	62,875	62,875	-	2,987	31,437	(28,450)	-90%	62,875
Waste water management		-	13,109	13,109	586	6,028	6,554	(526)	-8%	13,109
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	-	99,309	99,309	1,391	11,819	49,655	(37,836)	-76%	99,309
Funded by:										
National Government			78,210	78,210	1,391	11,819	39,105	(27,286)	-70%	78,210
Provincial Government			20,959	20,959	-	-	10,479	(10,479)	-100%	20,959
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-	-	-
Transfers recognised - capital		-	99,169	99,169	1,391	11,819	49,584	(37,766)	-76%	99,169
Public contributions & donations	5		-	-	-	-	-	-	-	-
Borrowing	6		-	-	-	-	-	-	-	-
Internally generated funds			140	140	-	-	70	(70)	-100%	140
Total Capital Funding		-	99,309	99,309	1,391	11,819	49,655	(37,836)	-76%	99,309

Debtors

The total outstanding debtor's book of the municipality for the month amounts to R122.9 million.

EC101 Dr. Beyers Naude - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2016/17										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.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	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	577	1,565	1,275	1,189	1,437	745	16,008	19,317	42,112	38,696			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	4,943	1,910	846	637	562	390	4,261	356	13,905	6,206			
Receivables from Non-exchange Transactions - Property Rates	1400	251	372	209	2,711	4,361	133	8,150	10,014	26,202	25,370			
Receivables from Exchange Transactions - Waste Water Management	1500	589	498	411	518	1,012	314	9,822	9,298	22,461	20,964			
Receivables from Exchange Transactions - Waste Management	1600	334	339	291	410	624	211	7,543	4,005	13,758	12,793			
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-			
Interest on Arrear Debtor Accounts	1810									-	-			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-			
Other	1900	(1,036)	69	53	108	89	60	818	4,308	4,467	5,382			
Total By Income Source	2000	5,656	4,753	3,886	5,573	8,885	1,852	46,602	47,298	122,905	109,410	-	-	
2015/16 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	42	414	451	674	3,443	236	2,853	467	8,581	7,672			
Commercial	2300	2,526	1,470	452	1,071	836	242	3,720	2,279	12,596	8,148			
Households	2400	3,090	2,869	2,182	3,811	3,798	1,375	40,018	44,288	101,430	93,290			
Other	2500	(2)	0	0	17	8	-	10	264	299	300			
Total By Customer Group	2600	5,656	4,753	3,886	5,573	8,885	1,852	46,602	47,298	122,905	109,410	-	-	

Debtors owing between 0-30 days amounts to R5.6 million, 31-60 days constitute R4.7 million.

Debtors owing over 1 year are the most significant with R47 million or 38.4 per cent, while the debt over 90 days constitute R109 million or 89 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.

Collection Levels quarter 2 October 2016 – December 2016

Source on Income	Billing Amount R	Collection Amount R	Percentage
Rates	140,507.94	-11,878,991.59	
Electricity	28,963,947.47	-32,243,242.46	111%
Water	7,698,826.62	-6,582,045.85	85%
Refuse	1,035,656.04	-1,443,510.03	139%
Sewerage / Sanitation	1,331,762.05	-2,263,091.83	169%
Housing Rental	28,578.02	-26,805.75	94%
Sundries	418,583.85	-470,808.73	112%

Creditors

The total accounts payable in the month owed by the municipality amount to R69.7 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	138,873	883,516	8,318,061	10,019,363	16,240,907	0	0	0	35,600,721
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	0	0	0	0	0	0	0	0	0
Auditor General	2,078,856	1,809,023	1,017,894	1,899,960	12,052,577	0	0	0	18,858,311
Other	0	282,397	50,193	8,479,205	6,519,662	0	0	0	15,331,456
Total	2,217,730	2,974,936	9,386,148	20,398,527	34,813,147	0	0	0	69,790,488
ESKOM	138,873	883,516	8,318,061	10,019,363	16,240,907	0	0	0	35,600,721
AUDITOR GENERAL	0	282,397	50,193	8,479,205	6,519,662	0	0	0	15,331,456
SALGA	0	0	0	500,000	4,086,257	0	0	0	4,586,257
A2A KOPANO INCORPORATED	1,641,570	0	0	567,022	1,014,670	0	0	0	3,223,262
BYTES UNIVERSAL SYSTEMS	0	7,188	0	0	1,480,791	0	0	0	1,487,979
MAX PROF	0	0	0	0	1,422,036	0	0	0	1,422,036
MTN	0	0	15,555	7,810	1,167,843	0	0	0	1,191,208
De Jager Loodgieters Kontrakteurs	0	493,782	0	167,444	0	0	0	0	661,226
MASSIVE DYNAMICS	0	0	0	0	588,242	0	0	0	588,242
DEPARTEMENT OF TRANSPORT	0	214,311	233,279	90,502	0	0	0	0	538,092
Total	1,780,443	1,881,194	8,617,088	19,831,345	32,520,408	0	0	0	64,630,477

Creditors owed between 0-30 day's amounts to R2.2million, 31-60 day's amounts to R2.9 million and 91-120 day's amounts to R 20.3 million. The municipality is experiencing cash flow problems and creditors cannot be paid within the legislatively required 30 days.

Bank and Investment Balances – December 2016

Bank & Investment Balances - December 2016		
FUND	INSTITUTION	CLOSING BALANCE
Money Market - Grt	Absa Bank	21,252.79
Call Account - Grt	First National Bank	29,441,517.42
7 day Interest Plus - Grt	First National Bank	942,114.52
Current Account - Grt	First National Bank	3,895,365.47
Current Account - Aberdeen	Absa Bank	680,255.23
Current Account - Ikwezi	Absa Bank	-2,291.75
Current Account - Ikwezi	Standard Bank	969,613.48
Current Account - Bavians	Absa Bank	1,168,818.11
Current Account - Bavians	Standard Bank	334,392.30

Grants received and expenditure on Grant Funding – December 2016

GRANT	BUDGET AMOUNT	YTD AMOUNT RECEIVED @31/12/2016	YTD EXPENDITURE - DECEMBER 2016	% SPENT ON ALLOCATION RECEIVED
EPWP	3,101,000	2,171,000	261,579	12%
FMG	5,460,000	5,460,000	440,150	8%
MIG	37,623,000	22,540,000	8,803,395	39%
INEP	7,153,000	5,000,000	45,674	1%
EQUITABLE SHARE	84,241,000	52,435,000	6,278,596	12%
RBIG	59,948,000	21,948,243	21,990,949	100%
MUNICIPAL DEMARCATION GRANT	20,143,000	8,056,000	149,957	2%
LGSETA	152,670	71,294	0	0%
DEPT OF HUMAN SETTLEMENTS	717,257	357,300	362,323	101%
ENERGY EFFICIENCY GRANT	3,000,000	2,000,000	0	0%


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: 28 March 2017

