

**Quarterly Budget Monitoring**

 **Report**

**Nama Khoi Municipality**

**4th Quarter 2011/12**

To The Council

In accordance with Section 52(d) of the Municipal Finance Management Act, I submit the required report on the implementation of the budget and the financial state of affairs of Nama Khoi Municipality reflecting the particulars of the third quarter of the financial year 2011/2012.

The submission of this report forms part of my general responsibilities as the Mayor of Nama Khoi Municipality. This report intends to inform council on the financial affairs of Nama Khoi Municipality and enable council to fulfil its oversight responsibility.

W T Cloete

Mayor

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**General Notes:**

The analysis is based on the section 71 return forms and Adjusted Budget 2011-12 submitted to National Treasury.

Total Revenue for the fourth quarter shows a variance of R7 135 642, this means the municipality collected less revenue than what was budgeted for in the Adjusted Budget.

Total Revenue for the year shows a variance of R6 756 607, this means the municipality collected less revenue than what was budgeted for in the Adjusted Budget.

Property Rates for the fourth shows that the municipality revised the figures as it expected less revenue is going to be realised.

Property Rates for the year shows that the municipality collected R5 407 878 more than what was budgeted for in the Adjusted Budget.

Service Charges for the fourth quarter shows that the municipality collected R3 246 895 less than what budgeted for in the Adjusted Budget.

Service Charges for the year shows that the municipality collected R4 253 269 less than what budgeted for in the Adjusted Budget.

Rental of facilities and equipment for the fourth quarter shows that the municipality collected R159 784 more than what budgeted for in the Adjusted Budget.

Rental of facilities and equipment shows for the year that the municipality collected R53 057 more than what budgeted for in the Adjusted Budget.

The municipality adjusted the figures for fines in the adjusted budget to R6 520, in the fourth quarter the municipality collected R10 525 and the municipality collected R153 404 more in the year than what was budgeted for in the Adjusted Budgeted

**Illustration of revenue collected each quarter**





**General Notes:**

Total expenditure for the fourth quarter shows that the municipality spend R1 918 675 more than what was budgeted for in the adjusted budget.

Total Expenditure for the year shows that the municipality spend R31 897 360 more than what was budgeted for in the adjusted budget.

Depreciation in the fourth quarter shows that the municipality adjusted the figure by R4 481 888 and there was no actual expenditure, the total spend for the year is R358 032.

Employee related cost shows that the municipality spend R3 571 294 less in the fourth quarter and R2 879 065 less for the year.

Debt Impairment shows that the municipality spend R172 568 less in the fourth quarter and R230 090 less for the year

Interest expense shows that the municipality spend R324 270 less in the fourth quarter and R335 541 more for the year.

Bulk Purchases shows that the municipality spend R2 939 828 more in the fourth quarter and R20 281 868 less for the year.

Other Expenditure shows that the municipality spend R2 413 354 less in the fourth quarter and R16 456 206 less for the year.

The differences between actual and budget can be as result of transactions being processed after the compilation of the section 71 report.

**Illustration of Expenditure for each quarter**





**General Notes:**

**Revenue by Vote**

Total revenue for the fourth quarter shows that R8 109 446 more was collected than what was budgeted for in the Adjusted Budget.

Total revenue for the year shows that R6 756 607 less was collected than what was budgeted for in the Adjusted Budget.

Financial Services shows a difference of R12 359 560 in the fourth quarter which means the municipality collected less revenue than what was budgeted.

Financial Services shows a difference of R7 369 839 for the year which means the municipality collected less revenue than what was budgeted.

Electrical Engineering shows a difference of R9 104 909 in the fourth quarter which means the municipality collected more revenue than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

Electrical Engineering shows a difference of R750 334 for the year which means the municipality collected more revenue than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

Infrastructure Engineering and Technical Services shows a difference of R9 849 700 in the fourth quarter which means the municipality collected more revenue than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

Infrastructure Engineering and Technical Services shows a difference of R1 828 505 for the year which means the municipality collected more revenue than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

**Expenditure by Vote**

Total expenditure for the fourth quarter shows that R23 194 078 more was spend than what was budgeted for in the Adjusted Budget.

Total Expenditure for the year shows that R31 896 670 less was spend than what was budgeted for in the Adjusted Budget, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

Municipal Manager shows a difference of R2 135 497 in the fourth quarter which means the municipality spend more than what was budgeted.

Municipal Manager shows a difference of R1 011 903 for the year which means the municipality spend more than what was budgeted.

Financial Services shows a difference of R3 033 060 in the fourth quarter which means the municipality spend more than what was budgeted.

Financial Services shows a difference of R5 059 651 for the year which means the municipality spend less than what was budgeted.

Corporate Services shows a difference of R2 230 627 in the fourth quarter which means the municipality spend more than what was budgeted.

Corporate Services shows a difference of R913 437 for the year which means the municipality spend less than what was budgeted.

Electrical Engineering Services shows a difference of R6 066 384 in the fourth quarter which means the municipality spend more than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year

Electrical Engineering Services shows a difference of R12 851 262 for the year which means the municipality spend less than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year

Infrastructure, Engineering and Technical Services shows a difference of R9 235 522 in the fourth quarter which means the municipality spend more than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year

Infrastructure, Engineering and Technical Services shows a difference of R10 269 180 for the year which means the municipality spend less than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.



**General Notes**

**Revenue by standard**

Total revenue for the fourth quarter shows that R6 437 447 less was spend than what was budgeted for in the Adjusted Budget.

Total revenue for the year shows that R6 756 407 less was spend than what was budgeted for in the Adjusted Budget, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

Budget and Treasury office shows a difference of R9 425 787 in the fourth quarter which means the municipality collected less than what was budgeted.

Budget and Treasury office shows a difference of R7 369 839 for the year which means the municipality collected less than what was budgeted.

Sport and Recreation shows a difference of R1 177 441 in the fourth quarter which means the municipality collected less than what was budgeted.

Sport and Recreation shows a difference of R1 136 980 for the year which means the municipality collected less than what was budgeted.

Road Transport shows a difference of R1 565 668 in the fourth quarter which means the municipality collected more than what was budgeted.

Road Transport shows a difference of R750 659 for the year which means the municipality collected more than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year.

Water shows a difference of R2 060 428 in the fourth quarter which means the municipality collected more than what was budgeted.

Water shows a difference of R1 366 778 for the year which means the municipality collected more than what was budgeted, the difference can be explained by the adjustments that was made to June 2012 for transactions that was not updated on time during the year



**General Notes**

**Expenditure by standard**

Total expenditure for the fourth quarter shows that R1 888 667 more was spend than what was budgeted for in the Adjusted Budget.

Total Expenditure for the year shows that R31 896 670 less was spend than what was budgeted for in the Adjusted Budget.

Executive and Council shows a difference of R1 302 888 in the fourth quarter which means the municipality spend more than what was budgeted.

Executive and Council shows a difference of R1 011 903 for the year which means the municipality spend more than what was budgeted

Road Transport shows a difference of R1 742 830 in the fourth quarter which means the municipality spend more than what was budgeted.

Road Transport shows a difference of R835 938 for the year which means the municipality spend less than what was budgeted.

Water shows a difference of R1 055 569 in the fourth quarter which means the municipality spend more than what was budgeted.

Water shows a difference of R5 940 959 for the year which means the municipality spend less than what was budgeted.

Waste Water Management shows a difference of R1 604 301 in the fourth quarter which means the municipality spend less than what was budgeted.

Waste Water Management shows a difference of R3 492 283 for the year which means the municipality spend less than what was budgeted.

Waste Management shows a difference of R1 512 983 in the fourth quarter which means the municipality spend less than what was budgeted.

Waste Management shows a difference of R3 118 680 for the year which means the municipality spend less than what was budgeted**.**





**Illustration of Capital Expenditure for each quarter**



**General Notes**

**Capital Expenditure**

Executive and council show that there was no budgeted figure but there was actual expenditure.

Community and social services show that there was no actual expenditure but there was a budgeted figure.

Sport and recreation shows that there was a difference for R1 104 704 in the fourth quarter which means the municipality spend less than what was budgeted.

Sport and recreation shows that there was a difference for R2 343 279 for the year which means the municipality spend less than what was budgeted.

Road Transport shows that there was a difference for R1 862 433 in the fourth quarter which means the municipality spend less than what was budgeted.

Road Transport shows that there was a difference for R3 664 446 for the year which means the municipality spend less than what was budgeted.

Electricity shows that there was a difference for R3 063 875 in the fourth quarter which means the municipality spend less than what was budgeted.

Electricity shows that there was a difference for R1 200 846 for the year which means the municipality spend more than what was budgeted.

Water shows that there was a difference for R1 397 656 in the fourth quarter which means the municipality spend less than what was budgeted.

Water shows that there was a difference for R2 809 563 for the year which means the municipality spend less than what was budgeted.

Waste Water Management shows that there was a difference for R982 880 in the fourth quarter which means the municipality spend less than what was budgeted.

Waste Water Management shows that there was a difference for R1 438 418 for the year which means the municipality spend less than what was budgeted.



Illustration of Cash Receipts for each quarter





**Illustration of Cash Payments for each quarter**



**General Notes**

**Cash Flow Statements**

I could not make any comparisons between the actual cash flow and the adjusted cash flow, reason being the monthly budgeted flow in the adjusted budget was not done.

The actual cash flow for the fourth quarter and for the year shows cash and cash equivalents at year end of R3 263 626.



**General Notes**

The total outstanding creditors at 30 June 2012 was R26 469 190.

The total bulk electricity outstanding was R14 610 703 of which R6 462 734 has been outstanding for more than 90 days.

The total bulk water outstanding was R10 393 416 of which R6 338 430 has been outstanding for more than 90 days.

Trade creditors outstanding was R1 465 071 of which R574 484 has been outstanding for more than 90 days.

**Figure Illustrating age creditors per month outstanding**



**General Notes**

Total Debtors outstanding at 30 June 2012 was R40 355 147

Water outstanding at 30 June 2012 was R9 424 025 with R7 055 259 outstanding more than 150 days.

Electricity outstanding at 30 June 2012 was R4 392 193 with R1 195 633 outstanding more than 150 days.

Rates outstanding at 30 June 2012 was R11 990 330 with R9 379 538 outstanding more than 150 days.

Sewerage outstanding at 30 June 2012 was R2 928 932 with R2 209 561 outstanding more than 150 days.

Refuse removal outstanding at 30 June 2012 was R6 791 460 with R5 482 011 outstanding more than 150 days.

Other Services outstanding at 30 June 2012 was R4 828 207 with R4 174 595 outstanding more than 150 days.

**Debtors age analysis by group.**

Government departments did have an outstanding balance at 30 June 2012 of R1 569 351 with R701 699 outstanding more than 150 days.

Businesses did have an outstanding balance at 30 June 2012 of R7 442 833 with R4 268 388 outstanding more than 150 days.

Households did have an outstanding balance at 30 June 2012 of R31 342 963 with R24 526 510 outstanding more than 150 days.

**Figure illustrating debtors per month outstanding**

**Additional Information**





**INVESTMENTS:**

|  |
| --- |
| Investments as at 30 June 2012 |
|
|
| **Details** | **Balance 01/04/2012** | **Interest Received** | **Transfers out** | **Transfers in** | **Balance 30/06/2012** |
| FMG | 198 139.56 | 1 496.81 | 1 968.82 | 0.00 | 197 667.55 |
| Land sales | 1 005.71 | 7.57 | 13.28 | 0.00 | 1 000.00 |
| DME | 7 642 695.25 | 42 700.68 | 6 316 188.33 | 0.00 |  1 369 147.60 |
| MSIG | 586 858.53 | 2 082.48 | 570 604.28 | 0.00 | 18 336.73 |
| Housing | 2 354 806.32 | 15 797.85 | 18 365.78 | 0.00 | 2 352 238.39 |
| MIG | 13 465 142.85 | 78 460.68 | 3 589 326.52 | 0.00 | 9 954 277.01 |
| NDM | 601 432.91 | 1 667.52 | 503 100.43 | 0.00 | 100 000.00 |
| Library | 0.00 | 772.08 | 772.08 | 772 000.00 | 772 000.00 |
| **Total** | **24 850 081.13** | **142 985.67** | **11 000 339.52** | **772 000.00** | **14 764 667.28** |

**Government Grants Received and Spend April 2012-June 2012**

|  |  |  |
| --- | --- | --- |
| **Operating & Capital Grants** |  **Received**  | **Expenditure**  |
| Equitable Shares |  |  |
| Municipal Infrastructure Grant |  | R720 122 |
| Housing | R122 451 | R343 080 |
| Department of Mineral & Energy |  | R1 542 975 |
| Financial Management Grant |  | R116 691 |
| Municipal Systems Improvement Grant |  | R88 123 |
| Library  |  |  |
| **Total**  | **R122 451** | **R2 810 991** |

**BORROWINGS: at 30 June 2012**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **BALANCE 01/20/12** | **RECEIVED** | **REDEEMED** | **CURRENT** |
| DBSA | R7 035 319 |  | R502 874 | 6 532 445 |
| **Total** | **R7 035 319** |  | **R502 874** | **6 532 445** |













**Additional Notes and Recommendations**

In the financial year there was transactions being processed and updated after the 10th working day after month end, this resulted in the section 71 reports and the budget comparison not reconciling at year end, therefore the amounts for June 2012 are very high compared to the previous two month this is due to the adjustments that was made.

Monthly projections need to be made taking in to account actual spending and receipts to ensure a better comparison between the section 71 and the budget.

The municipality must ensure that all information needed on the A1 schedule is complete for comparison to the section 71, I am pleased to inform you that all information on the A1 Schedule for the 2012-2013 was completed.

Capital Expenditure on all projects on the section 71 and budget must align and the municipality must ensure that capital expenditure are on projects that was adopted by Council.

Age creditors show that the municipality have outstanding creditors for more than 90 days, the municipality should strive to pay creditors within 30 days.

Age debtors show that the outstanding debtors are still on the rise despite efforts by the municipality.

The municipality have a positive balance at 30 June 2012 but there were still outstanding cheques.

I would like to state that information on the report was extracted from reports submitted to National Treasury.