



Nama Khoi Municipality

16 May 2014

The Mayor

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING
30 April 2014 (MONTHLY BUDGET STATEMENT) – 2013/2014 FINANCIAL YEAR**

1. PURPOSE

To comply with section 71 of the MFMA, by providing a monthly statement on the implementation of the budget and financial state of affairs of the municipality to the Council, as legislated.

2. STRATEGIC OBJECTIVE

The strategic objective of this report is to ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.

For the reporting period ending 30 April 2014, ten working days reporting limit expires on 16 May 2014.

3. QUERIES AND SUGGESTIONS

***The financial services division will appreciate if all queries and suggestions can be address to the Chief Financial Officer in writing**

4. REPORT FOR THE PERIOD ENDING 30 APRIL 2014

This report is based upon financial information, as at 30 APRIL 2014 and available at the time of preparation.

The financial results for the period ended 3 APRIL 2014 are summarised as follows:

Statement of Financial Performance (SFP) (Annexure B – TABLE C4)

The SFP shown in Annexure B is prepared on a similar basis to its prescribed budget format, detailing by source, excluding capital transfers and contributions and including expenditure by type. The summary report indicates the following

Table of Contents

Page 3	Table C4-Financial Performance
Page 4	Explanations on table
Page 5	Reasons for variances
Page 7	CHART 1- Revenue by source
Page 8	CHART 2 – Expenditure by type
Page 9	Table C3 – Revenue and expenditure by vote
Page 11	CHART 3 – Revenue by vote
Page 12	CHART 4 – Expenditure by vote
Page 13	Summary Report Capital funding sources
Page 14	Capital expenditure by standard
Page 15	CHART 6 Capital expenditure
Page 16	CHART 7 Capital Expenditure by vote
Page 17	Cash Flow Statement
Page 19	Debtors Age analysis
Page 20	CHART 8 Debtors outstanding per revenue source
Page 21	CHART 9 – Debtors outstanding per category
Page 22	Creditors age analysis
Page 24	Report on outstanding money
Page 27	Employee Related Cost
Page 28	Financial Implications/Recommendations
Page 29	Interdepartmental and Cluster Impact
Page 30	Quality Certificate
Page 31	Annexure A
Page 33	C-Schedule Table of contents

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April

Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Budget left for the year
Property rates	21 143 179	34 052 335	112 225	27 430 906	34 325 090	-6 894 184	79.92%	6 621 429
Property rates - penalties & collection charges	Nil	Nil	84 007	717 789	Nil	717 789	No comp	No comp
Service charges - electricity revenue	59 524 757	75 393 496	4 524 280	51 457 813	61 506 718	-10 048 905	83.66%	23 935 683
Service charges - water revenue	21 008 291	29 545 508	1 965 646	19 731 034	26 443 092	-6 712 058	74.62%	9 814 474
Service charges - sanitation revenue	5 927 148	7 208 769	576 600	5 836 676	6 008 477	-171 802	97.14%	1 372 094
Service charges - refuse revenue	7 973 806	10 066 317	733 485	7 324 739	8 330 428	-1 005 690	87.93%	2 741 578
Service charges - other	Nil	Nil	72 589	763 658	Nil	763 658	No comp	No comp
Rental of facilities and equipment	2 041 159	32 958	97 450	500 975	30 374	470 601	1649.35%	-468 017
Interest earned - external investments	2 415 941	1 998 940	19 416	539 375	1 681 790	-1 142 415	32.07%	1 459 565
Interest earned - outstanding debtors	Nil	1 243 922	243 075	1 979 464	988 364	991 100	200.28%	-735 542
Fines	132 107	250 282	2 908	188 486	176 633	11 853	106.71%	61 796
Licences and permits	1 120 706	1 105 544	86 486	966 557	920 106	46 451	105.05%	138 987
Agency services	1 162 730	1 205 713	-	822 348	984 248	-161 900	83.55%	383 365
GRANTS (capital and operational)	59 952 879	65 624 000	-	70 029 344	65 624 000	-1 299 166	106.71%	-4 405 344
Other revenue	5 828 775	13 361 276	41 114	854 054	Nil	854 054	No Comp	12 507 222
Total Revenue	188 231 478	241 089 058	8 559 280	189 143 217	207 019 320	-17 876 103	91.37%	51 945 841
								-
Expenditure By Type	Audited Outcome	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Budget left for the year
Employee related costs	63 517 482	68 788 372	5 604 035	56 009 033	59 158 000	-3 148 967	94.68%	12 779 339
Remuneration of councillors	4 684 878	4 443 884	374 397	3 743 652	3 621 766	121 886	103.37%	700 232
Debt impairment	Nil	2 942 941	Nil	Nil	Nil	No comp	No comp	No comp
Depreciation & asset impairment	16 989 530	5 103 265	Nil	Nil	Nil	No comp	No comp	No comp
Finance charges	2 703 825	2 043 824	63 663	376 113	Nil	376 113	No comp	1 667 711
Bulk purchases	74 513 139	72 543 967	3 650 719	59 711 333	61 662 372	-1 951 039	96.84%	12 832 634
Other materials	5 937 754	10 672 000	Nil	5 828 080	957 215	4 870 865	608.86%	4 843 920
Contracted services	614 165	100 000	Nil	1 848 997	70 000	1 778 997	2641.42%	-1 748 997
Transfers and grants	4 120 439	6 225 720	22 050	196 142	4 918 319	-4 722 177	3.99%	6 029 578
Other expenditure	22 092 817	32 449 024	2 325 731	38 166 330	26 864 547	11 301 783	142.07%	-5 717 306
Total Expenditure	195 174 029	205 312 998	12 040 595	165 879 680	157 252 219	8 627 461	105.49%	39 433 318
Surplus/(Deficit)	-6 942 551	35 776 060	-3 481 314	23 263 537	49 767 101			

Explanations on table

*Please note the following:

YearTD – refers to Year-to-date (July 2014 to April 2014)

Variance – refers the difference between actual versus budget

- Revenue – a negative value means the means the municipality billed less than what was budget.
- Expenditure – a negative value means the municipality spent less than what was budget.

Budget left for the year:

Revenue – The positive amount shows the amount the municipality must still bill for the year.

- Negative amount shows the municipality already billed more for the year than the budget.

Expenditure –The positive amount shows the amount municipality can still spend for the year.

- Negative amount shows the municipality already spend more for the year than the budget.

Nil – No amounts was budget or spent

No comp – No comparison can be made either because there is no budget or no expenditure.

Reasons for variances

The Major revenue variances against the budget are:

For a better comparison between actual and budgeted amounts the municipality must calculate revenue per month on revenue items differently; e.g. Property rates should be calculated on a different basis as service charges as electricity and water varies between seasons whereas property rates are billed once but is receive throughout the year.

Please note YTD variance % is as follows: fewer than 100% variance means less revenue was billed over 100% variance means the more revenue was billed.

Property Rates –the difference are as result of the following: there is no correspondence between the property rates billed and property rates budget, the income department did not ensure that the monthly budget as per A1-Schedule correspond to the monthly billed amounts which limit variances on a monthly basis.

Service charges electricity- This service have a variance of 83.66% it means 16.34% less electricity was billed than what was budgeted, pre-paid electricity is less than what was budgeted meaning people bought less electricity than the budgeted amount. Seasonal difference need to take in consideration as electricity income varies between summer and winter.

Service charges water – This service shows that the municipality billed 74.62% which is less 25.38% than what was budgeted, water service for the year was calculated taking into account all factors the problem arise when calculating the month to month budget, the municipality need to take factors such as seasonal difference when calculating service charges for water and electricity.

Service charges sanitation – This service shows that the municipality billed 97.14% which is 2.86% less than what was budget meaning that the municipality are using proper measures for calculating this service charge. 2.86% is relatively low meaning the municipality are in line with the calculations.

Service charges refuse removal – The municipality billed 87.93 which is less 12.07% than what was budgeted, the month to month budget planning needs to be more accurate. Refuse removal for consumers are a fixed amount and the municipality therefore should be more accurate in calculating this budgeted figures.

Service charges other – This service is not budgeted and is recognised in the budget under other revenue, however on the financial system it is recognised as service charges , this need to be rectified to show the comparison between budget and actual. The description in the financial system, service charges which are income received other than basic service delivered by the municipality should be recognised s other revenue.

Rental of equipment and facilities – The variance shows that the billed more for this service than what was budgeted; reason being at the time of the compilation of the budgeted the municipality operating lease register was outdated.

Interest earned – The municipality needs a finance model or procedure to calculate these revenue items, the unknown factors such as debtors paying or not paying their accounts make it difficult to budget for these revenue items.

Fines, Licences & permits, and agency services shows the municipality billed more revenue than what was budgeted for. The reason is because the municipality does not have a proper manner of budgeting for these items, these items can also be unpredictable which makes the budgeting process challenging.

Transfer recognised operational – The reason for the difference is that on the budgeted amount a ratio was use, meaning the previous year's allocation was taken and the ratio was calculated and use to calculate the current year's, this was not correct as the schedule should be use.

Other revenue – the municipality did not budget to receive other income in the period July to March, correspondence between the revenue by source and vote needs to be rectified in the adjusted budget.

The major expenditure variances against budget are:

Employee related cost – the variance of 94.68% is 5.32% less than what the municipality budget thus keeping to the expenditure plan.

Remuneration of councillors – the variance shows that the municipality paid 3.37% more than what was budget, expenditure department must ensure that all factors are included in the budget amount. Remuneration is gazetted and should therefore be 100% in line.

Finance charges – the finance charges thus far relates to interest paid, the municipality did not budget this interest on a monthly basis the interest amount is only budgeted at year end.

Bulk purchases should also be calculated by the expenditure department as information is not timely captured and therefore the previous year's information not reliable. At this stage the variance is below 5% meaning the municipality are keeping with the expenditure rate budgeted.

Other materials – repair and maintenance budget are included under other expenditure, repair and maintenance needs to be budget correctly and under the correct item under the budget. All repair and maintenance was clustered under the correct type in the draft budget and the municipality need to make sure this is done at final budget stage to ensure accurate reporting for the next financial year.

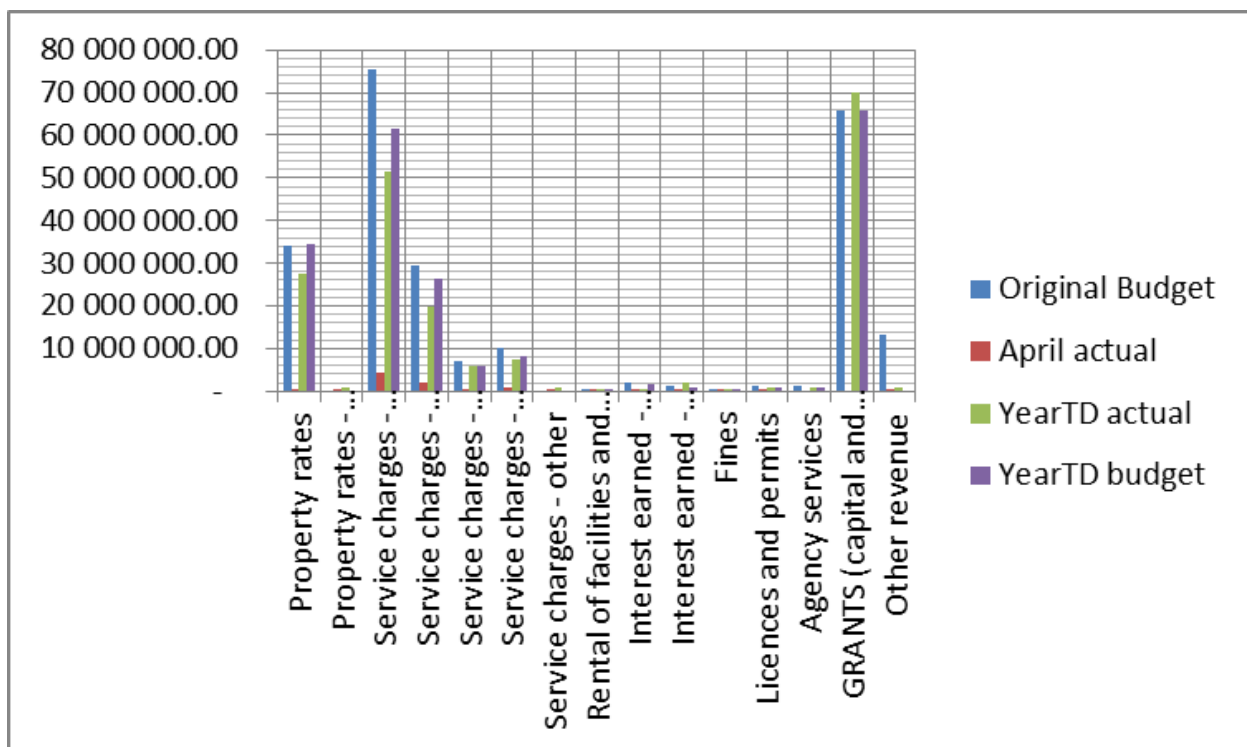
Contract service and transfers and grants needs to be calculated not only the yearly total, budget the month to month amount should be planned correctly.

Other expenditure – Each department should investigate their budgets and start to curb expenditure as the municipality already spend R11 302 million more than what was budgeted at this stage. The following items eskom infrastructure, interest paid, legal expenses are overspent.

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April						
Description	Budget Year 2013/14					
Revenue By Source	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Property rates	34 052 334.76	112 225.10	27 430 906.00	34 325 089.67	-6 894 183.67	79.92%
Property rates - penalties & collection charges	-	84 007.13	717 789.00	-	717 789.00	0.00%
Service charges - electricity revenue	75 393 495.53	4 524 279.95	51 457 812.95	61 506 718.20	-10 048 905.25	83.66%
Service charges - water revenue	29 545 507.50	1 965 645.62	19 731 033.62	26 443 092.08	-6 712 058.46	74.62%
Service charges - sanitation revenue	7 208 769.46	576 599.76	5 836 675.76	6 008 477.45	-171 801.69	97.14%
Service charges - refuse revenue	10 066 316.70	733 484.58	7 324 738.58	8 330 428.08	-1 005 689.50	87.93%
Service charges - other	-	72 589.40	763 658.41	-	-	
Rental of facilities and equipment	32 958.48	97 450.08	500 975.00	30 374.13	470 600.87	1649.35%
Interest earned - external investments	1 998 940.00	19 416.06	539 375.00	1 681 789.74	-1 142 414.74	32.07%
Interest earned - outstanding debtors	1 243 921.53	243 074.84	1 979 464.00	988 364.01	991 099.99	200.28%
Fines	250 281.61	2 908.34	188 486.00	176 633.02	11 852.98	106.71%
Licences and permits	1 105 543.90	86 485.79	966 557.00	920 106.15	46 450.85	105.05%
Agency services	1 205 712.54	-	822 348.00	984 247.55	-161 899.55	83.55%
GRANTS (capital and operational)	65 624 000.00	-	70 029 344.00	65 624 000.00	-1 299 166.00	106.71%
Other revenue	13 361 276.11	41 113.77	854 053.68	-	854 053.68	0.00%
Total Revenue	241 089 058.12	8 559 280.42	189 143 217.00	207 019 320.09	-17 876 103.09	91.37%

CHART 1

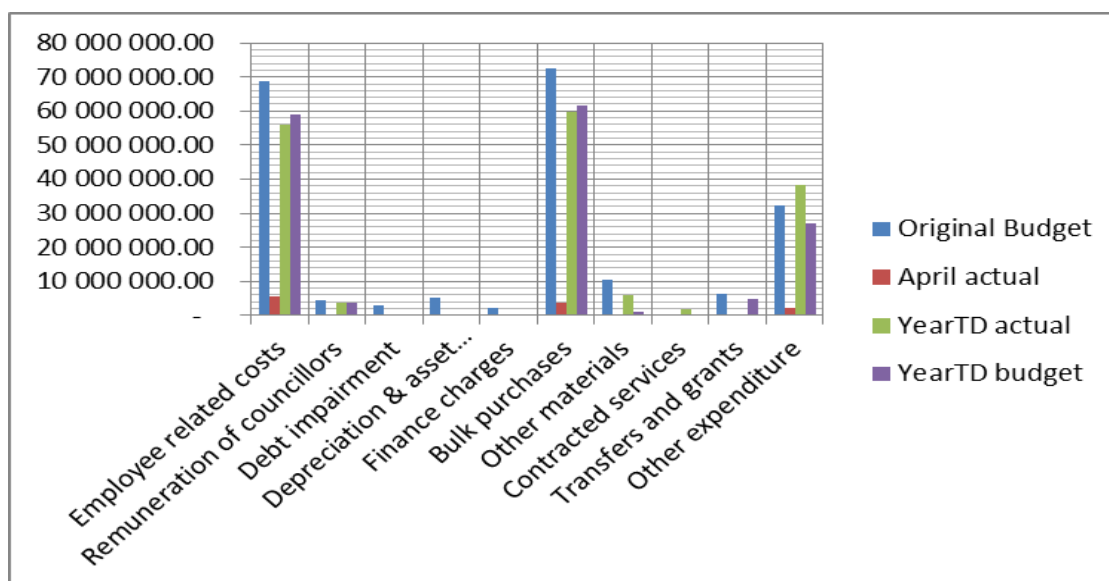
The following chart shows the revenue by source differences between the actual year to date figures and the budgeted year to date, CHART as per information above.



Expenditure By Type	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Employee related costs	68 788 372.28	5 604 035.18	56 009 033.00	59 158 000.16	3 148 967.16	94.68%
Remuneration of councillors	4 443 884.47	374 396.71	3 743 652.00	3 621 765.84	-121 886.16	103.37%
Debt impairment	2 942 941.00	-	-	-	-	-
Depreciation & asset impairment	5 103 265.00	-	-	-	-	-
Finance charges	2 043 824.00	63 662.96	376 113.00	-	-376 113.00	
Bulk purchases	72 543 967.00	3 650 718.73	59 711 333.00	61 662 371.95	1 951 038.95	96.84%
Other materials	10 672 000.00	-	5 828 080.00	957 214.92	-4 870 865.08	608.86%
Contracted services	100 000.00	-	1 848 997.00	70 000.00	-1 778 997.00	2641.42%
Transfers and grants	6 225 720.00	22 050.00	196 142.00	4 918 318.80	4 722 176.80	3.99%
Other expenditure	32 449 024.17	2 325 731.23	38 166 330.00	26 864 547.11	-11 301 782.89	142.07%
Total Expenditure	205 312 997.92	12 040 594.81	165 879 680.00	157 252 218.78	-8 627 461.22	105.49%

CHART 2

The following chart shows the expenditure by type differences between the actual year to date figures and the budgeted year to date figure, Chart as per information above



The table below indicates revenue and expenditure by vote

Annexure B – Table C3

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M10 April						
Vote Description	Budget Year 2013/14					
	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote						
Vote 1 - Municipal Manager	534 225	22 688	574 028	445 160	128 868	128.95%
Vote 2 - Financial Services	71 759 125	466 708	66 840 899	59 796 890	7 044 009	111.78%
Vote 3 - Corporate Services	7 972 480	76 496	209 521	6 643 470	-6 433 949	3.15%
Vote 4 - Community Services: Community Development	17 835 180	822 841	8 505 619	14 862 050	-6 356 431	57.23%
Vote 5 - Community Services: Public Safety	2 566 276	92 275	1 887 666	2 138 440	-250 774	88.27%
Vote 6 - Electrical Engineering Services	87 393 496	4 525 694	51 522 137	62 825 410	-11 303 273	82.01%
Vote 7 - Infrastructure, Engineering & Technical Services	53 028 277	2 552 578	25 624 837	30 627 340	-5 002 503	83.67%
Total Revenue by Vote	241 089 058	8 559 280	155 164 707	177 338 760	-22 174 053	87.50%
Expenditure by Vote						
Vote 1 - Municipal Manager	18 314 729	1 074 913	16 175 640	14 527 660	1 647 980	111.34%
Vote 2 - Financial Services	28 115 476	2 567 445	30 434 002	23 614 710	6 819 292	128.88%
Vote 3 - Corporate Services	19 058 718	1 185 392	16 205 611	15 934 440	271 171	101.70%
Vote 4 - Community Services: Community Development	20 841 705	1 081 689	11 172 040	17 871 650	-6 699 610	62.51%
Vote 5 - Community Services: Public Safety	6 648 359	580 419	5 845 801	5 756 930	88 871	101.54%
Vote 6 - Electrical Engineering Services	60 935 146	4 030 050	47 600 111	51 161 670	-3 561 559	93.04%
Vote 7 - Infrastructure, Engineering & Technical Services	51 398 865	1 520 682	38 443 447	42 220 330	-3 776 883	91.05%
Total Expenditure by Vote	205 312 998	12 040 590	165 876 652	171 087 390	-5 210 738	96.95%
Surplus/ (Deficit) for the year	35 776 060	-3 481 310	-10 711 945	6 251 370	-16 963 315	

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue by municipal vote) - M10 April						
Vote Description	Budget Year 2013/14					
	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote						
Vote 1 - Municipal Manager	534 225	22 688	574 028	445 160	128 868	128.95%
Vote 2 - Financial Services	71 759 125	466 708	66 840 899	59 796 890	7 044 009	111.78%
Vote 3 - Corporate Services	7 972 480	76 496	209 521	6 643 470	-6 433 949	3.15%
Vote 4 - Community Services: Community Development	17 835 180	822 841	8 505 619	14 862 050	-6 356 431	57.23%
Vote 5 - Community Services: Public Safety	2 566 276	92 275	1 887 666	2 138 440	-250 774	88.27%
Vote 6 - Electrical Engineering Services	87 393 496	4 525 694	51 522 137	62 825 410	-11 303 273	82.01%
Vote 7 - Infrastructure, Engineering & Technical Services	53 028 277	2 552 578	25 624 837	30 627 340	-5 002 503	83.67%
Total Revenue by Vote	241 089 058	8 559 280	155 164 707	177 338 760	-22 174 053	87.50%

Reasons for Variances

- **A variance of above 100% means the municipality billed more revenue than what was budgeted and vice versa.**

Municipal manager – The municipality made for on building fees approval than what was budgeted.

Financial Services – There needs to be an alignment between the revenue by source and the revenue by vote, property rates was treated differently between vote and by source, the municipality made the mistake between these two therefore showing the big variance.

Corporate Services – At end April 2014 the variance between actual and budgeted amount are only 3.15% this is very low giving the indication the municipality receive very little income, this is largely as result of the sale of land not realising.

Community development- The following items has not produce the income as budgeted, refuse removal , rental of facilities under commonage and other revenue under commonage. The assessment rate budgeted under commonage should've have been budget under property rates.

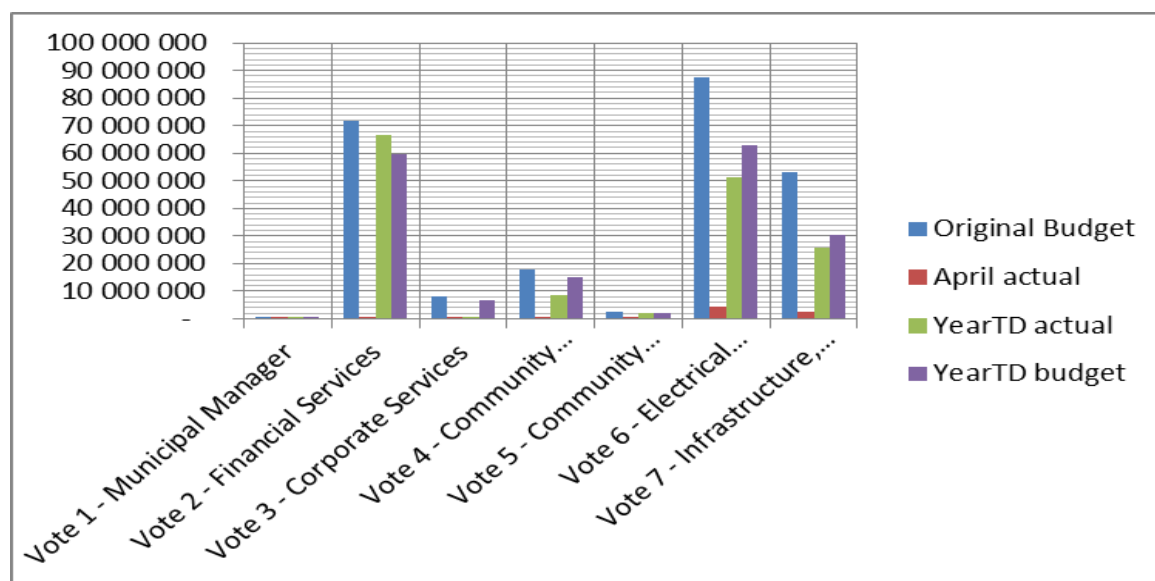
Public safety – The variance of 88.27% shows that the municipality billed less than what was budget under this department with income from agency fees the biggest contributor.

Electrical Engineering Services - This service have a variance of 82.01% it means that less electricity was billed than what was budgeted, seasonal difference needs to take in consideration as summer and winter usage of electricity differs.

Infrastructure, Engineering & Technical Services - This service shows that the municipality billed 83.67% less than what was budgeted, water service for the year was calculated taking into account all factors the problem arise when calculating the month to month budget, the municipality need to take factors such as seasonal difference when calculating service charges for water.

CHART 3

The following chart shows the revenue by vote differences between the actual year to date figures and the budgeted year to date figure



Expenditure by Vote	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	18 314 729	1 074 913	16 175 640	14 527 660	1 647 980	111.34%
Vote 2 - Financial Services	28 115 476	2 567 445	30 434 002	23 614 710	6 819 292	128.88%
Vote 3 - Corporate Services	19 058 718	1 185 392	16 205 611	15 934 440	271 171	101.70%
Vote 4 - Community Services: Community Development	20 841 705	1 081 689	11 172 040	17 871 650	-6 699 610	62.51%
Vote 5 - Community Services: Public Safety	6 648 359	580 419	5 845 801	5 756 930	88 871	101.54%
Vote 6 - Electrical Engineering Services	60 935 146	4 030 050	47 600 111	51 161 670	-3 561 559	93.04%
Vote 7 - Infrastructure, Engineering & Technical Services	51 398 865	1 520 682	38 443 447	42 220 330	-3 776 883	91.05%
Total Expenditure by Vote	205 312 998	12 040 590	165 876 652	171 087 390	-5 210 738	96.95%

Reasons for variances

- A variance of above 100% shows that municipality spend more than what was budgeted and vice versa

Municipal Manager- With a variance of 111.34% this department expenditure are more than what was budgeted at this stage; the following items are the biggest contributors: RDP housing expenditure this expenditure was wrongfully captured under capital expenditure, legal expenses and membership and subscriptions.

Financial services – The variance relates to the following revenue foregone, interest paid which was not budgeted as it is fruitless and wasteful expenditure and valuation services which was not budgeted in the current year. Revenue foregone relates to the free basic services the municipality gives to the community this needs to be distributed to the different service department.

Corporate services – The variance relates to the following items that are already overspent, internal service charges, postage, cell phone, legal expenses, seta training .

Community Development – The variance are there because all the sub-department spend less than what was budgeted therefore not adhere to the planned expenditure for the department.

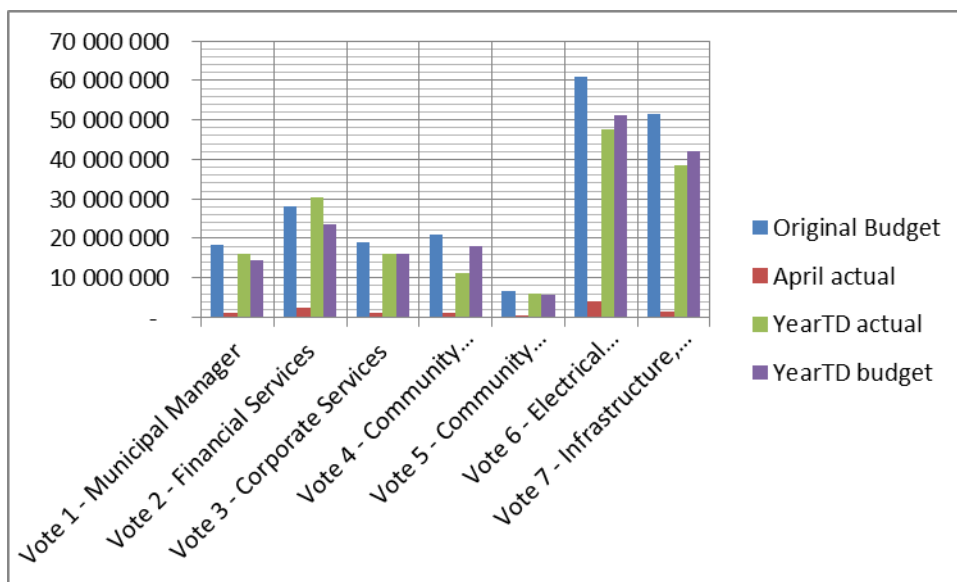
Public safety – The variance of 101.54% shows that this department keeps to the planned expenditure.

Electrical Engineering Services – The variance are there because the budgeted and billed bulk purchases differ, bulk purchases should be updated correctly and on time.

Infrastructure, Engineering & Technical Services – The variance are there because the following items were less than what was budgeted, repair and maintenance, bulk purchases and general expenses.

CHART 4

The following chart shows the expenditure by vote differences between the actual year to date figures and the budgeted year to date figure, Chart as per information above



Capital expenditure report (Annexure B – Table C5)

The Capital expenditure report shown in Annexure B has been prepared on the basis of the format required by the National Treasury.

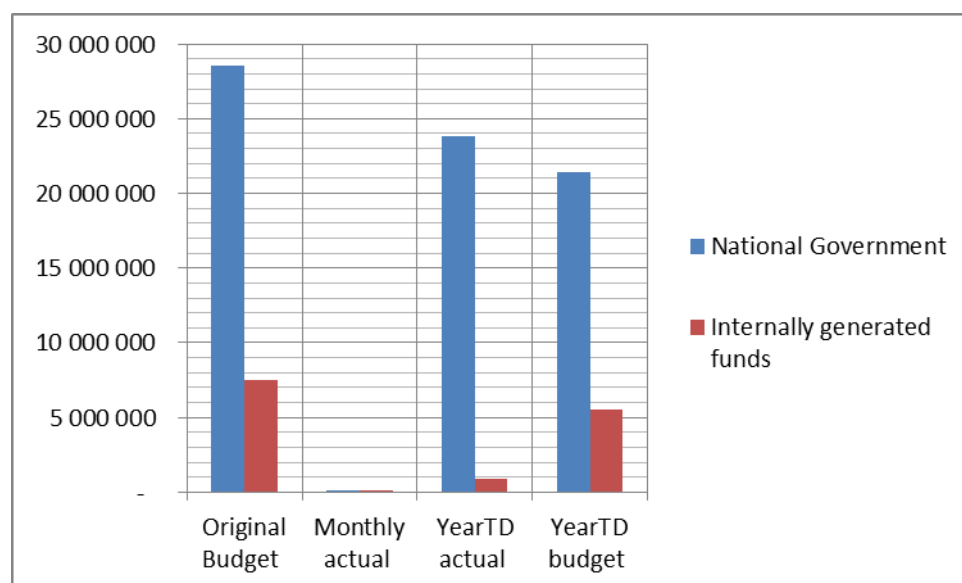
***Please refer to page 4 for abbreviations**

The summary report below shows the capital funding sources

Vote Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
National Government	28 514 000	158 349	23 827 724	21 384 639	2 443 085	111%
Internally generated funds	7 500 150	1 748	884 244	5 512 383	-4 628 139	16%
Total Capital Funding	36 014 150	160 097	24 711 968	26 897 022	-2 185 054	92%

CHART 5

The following chart shows the year to date differences between the funding sources, Chart as per information above



The following report shows the Capital Expenditure by standard classification differences between actual year to date spending and budgeted year to date.

Capital Expenditure - Standard Classification April 2014						
Vote Description	Budget Year 2013/14					
Capital Expenditure - Standard Classification	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Corporate services	4 000 000	Nil	178 485	2 374 910	-2 196 425	7.52%
Sport and recreation	265 150	Nil	59 380	171 530	-112 150	34.62%
Planning and development	16 324 000	283 148	19 031 265	13 561 120	5 470 145	140.34%
Electricity	12 240 000	Nil	5 966 773	10 199 590	-4 232 817	58.50%
Waste water management	1 200 000	Nil	479 924	1 333 280	-853 356	36.00%
Waste management	1 600 000	Nil	-	999 960	-999 960	0.00%
Other	385 000	Nil	163 835	1 245 190	-1 081 355	13.16%
Total Capital Expenditure - Standard Classification	36 014 150	283 148	25 879 662	29 885 580	-4 005 918	86.60%

Reasons for major differences between actual spending and budgeted expenditure:

Capital expenditure shows that the municipality spent R25.8 million of R36.01 million for in the period July 2013 to April 2014.

Budget and Treasury office – Store bins that was purchase was not budget under this department.

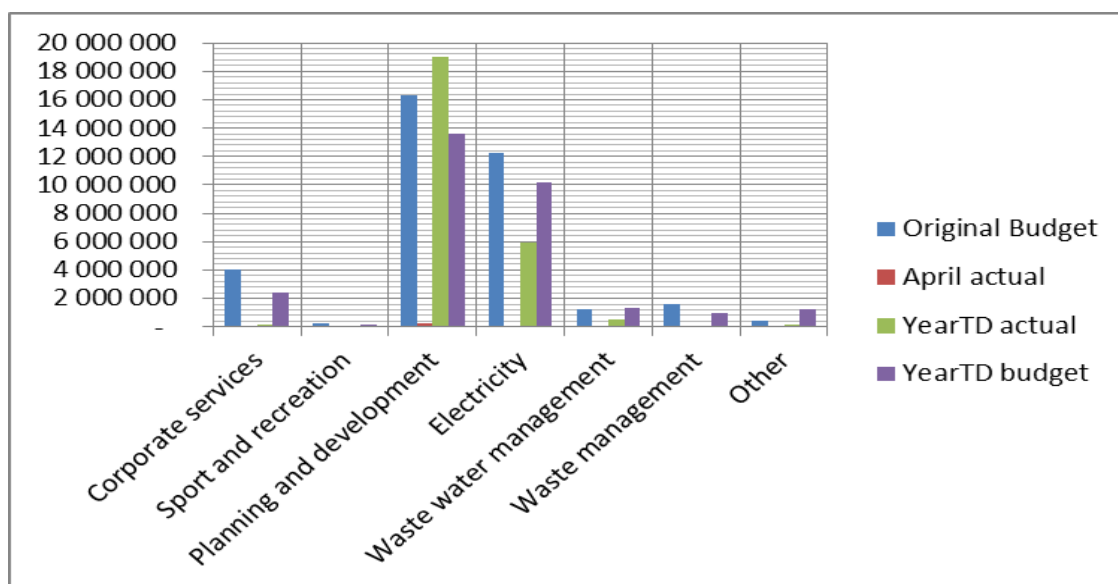
Corporate services, sport and recreation, waste water management, waste management and other (workshop) – these capital expenditure/projects was intended to be funded out of the R7 719 000 as identified in the budget under Corporate Services sale of land and stands, since this specific sale of land and stands did not occur these expenditure did not occur as planned.

Electricity – the variance are there because the actual project plans does not correspond with month to month budget, the actual projects and the budgeted projects differ.

Road Transport - the variance are there because the actual project plans does not correspond with month to month budget, the actual projects and the budgeted projects differ. The development department should before the budget is finalised ensure that their business plan are submitted to the finance department to ensure alignment between the actual projects and the budget.

CHART 6

The following chart shows the year to date differences between actual year to date spending and budgeted year to date capital expenditure, Chart as per information on page 14

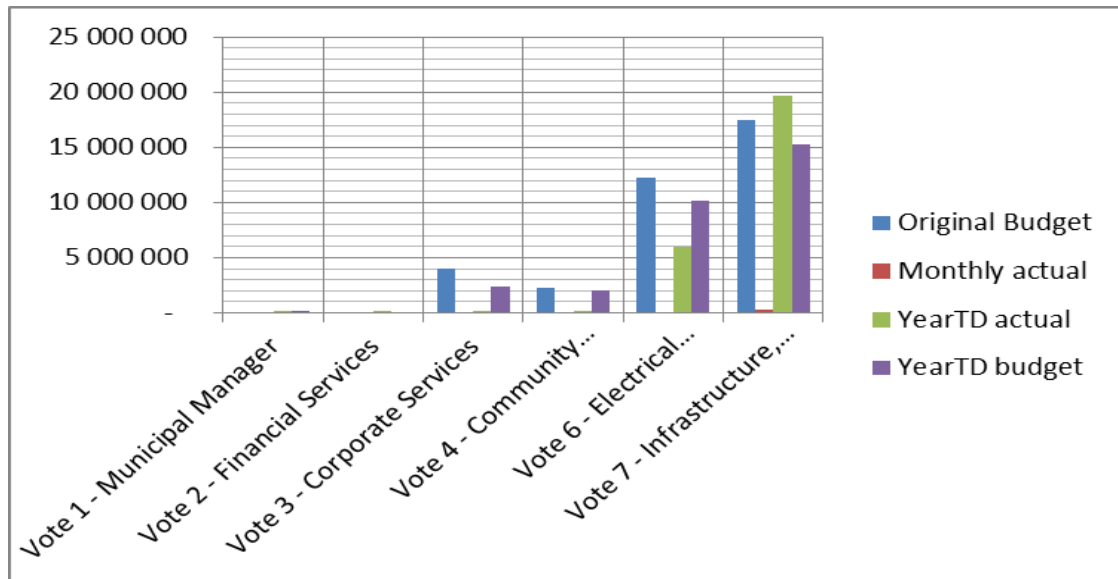


The following report shows the Capital Expenditure by vote differences between actual year to date spending and budgeted year to date.

NC062 Nama Khoi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M10 April						
Vote Description	Budget Year 2013/14					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	-	-	36 310	41 660	-5 350	87.16%
Vote 2 - Financial Services	-	-	10 030	-	10 030	
Vote 3 - Corporate Services	4 000 000	-	178 485	2 374 910	-2 196 425	7.52%
Vote 4 - Community Services: Community Development	2 250 150	-	59 380	2 054 200	-1 994 820	2.89%
Vote 6 - Electrical Engineering Services	12 240 000	-	5 966 773	10 199 590	-4 232 817	58.50%
Vote 7 - Infrastructure, Engineering & Technical Services	17 524 000	283 148	19 628 684	15 215 220	4 413 464	129.01%
Total	36 014 150	283 148	25 879 662	29 885 580		

CHART 7

The following chart shows the year to date differences between actual year to date spending and budgeted year to date capital expenditure



CASH FLOW STATEMENT AT 30 APRIL 2014

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M10 April							
Description	Budget Year 2013/14						
	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Budget left for the year
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Ratepayers and other	155 032 980	11 420 862	156 410 991	129 194 150	27 216 841	121%	1 378 011
Government - operating	37 350 000	-	39 542 848	36 261 000	3 281 848	109%	2 192 848
Government - capital	28 274 000	-	33 900 000	28 274 000	5 626 000	120%	5 626 000
Interest	3 242 862	262 491	2 461 362	2 702 385	-241 023	91%	-781 500
Payments							
Suppliers and employees	-197 669 005	-29 618 403	-205 103 879	-166 427 358	39 048 919	123%	-7 434 874
Finance charges	-2 043 824	-63 663	-372 397	-1 703 187	-1 703 187	22%	1 671 427
Transfers and Grants					-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES	24 187 012	-18 062 376	26 838 925	28 300 990	-1 462 065	95%	2 651 913
							-
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE	7 719 000	Nil	Nil	Nil	Nil	Nil	7 719 000
Payments							
Capital assets	-35 993 000	-262 967	-23 585 747	-29 994 167	-6 408 420	79%	12 407 253
NET CASH FROM/(USED) INVESTING ACTIVITIES	-28 274 000	-262 967	-23 585 747	-29 994 167	-6 408 420	79%	4 688 253
							-
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Borrowing long term/refinancing	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payments							
Repayment of borrowing	-512 000	-208 230	-1 474 629	-426 667	1 047 963	346%	-962 629
NET CASH FROM/(USED) FINANCING ACTIVITIES	-512 000	-208 230	-1 474 629	-426 667	1 047 963	346%	-962 629
							-
NET INCREASE/ (DECREASE) IN CASH HELD	-4 598 988	-18 469 910	1 778 549	-2 119 843			
Cash/cash equivalents at beginning:	5 370 559	21 801 213	1 552 754	5 370 559			
Cash/cash equivalents at month/year end:	771 571	3 331 303	3 331 303	3 250 716			

Budget left for the year:

Receipts – The positive amount shows the amount the municipality already collected more than budget.

- Negative amount shows the municipality shows the amount the municipality needs to collect for the year.

Payments –The positive amount shows the municipality must still the amount for the year.

- Negative amount shows the municipality already spend more for the year than the budget.

Nil – No amounts was budget or spent

The cash flow statement shows that the municipality had a balance of R3 331 303 in the primary bank account and the year –to-date budget shows the municipality budget for a balance of R3 250 716.

The cash flow statement gives the indication as to what actual funds is available, more emphasise need put on the cash flow statement by management to control the position of the municipality and avoid the municipality having cash flow problems. Collection rates of service charges needs to be taken in consideration as it have a direct impact on moneys collected. Moneys collected from service charges needs to be more than the than the expenditure incurred for delivering the service to maintain sustainability.

Debtors Age Analysis - Annexure B -Table SC3

The debtor's age analysis report shown in Annexure B has been prepared on the basis of the format required by the National Treasury.

The following report shows the debtors outstanding at 31 March 2014

NC062 Nama Khoi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M10 April							
Description	Budget Year 2013/14						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-1 Year	Total	Total over 90 days
Debtors Age Analysis By Income Source							
Water	-246 536	967 528	490 072	632 978	11 266 980	13 111 022	11 899 958
Electricity	3 014 889	1 038 169	566 845	525 621	12 226 847	17 372 371	12 752 468
Property Rates	1 463 620	617 956	335 997	386 148	13 487 406	16 291 127	13 873 554
Waste Water Management	308 206	197 628	101 951	95 444	3 164 652	3 867 881	3 260 096
Waste Management	584 349	322 915	195 083	187 527	7 400 529	8 690 403	7 588 056
Other	117 577	130 655	70 373	58 064	4 577 876	4 954 545	4 635 940
Total By Income Source	5 242 105	3 274 851	1 760 321	1 885 782	52 124 290	64 287 349	54 010 072
					-		
Debtors Age Analysis By Customer Group					-		
Organs of State	372 125	310 387	71 665	39 602	1 190 293	1 984 072	1 229 895
Commercial	2 114 849	1 027 723	611 030	652 671	16 168 902	20 575 175	16 821 573
Households	2 755 131	1 936 741	1 077 626	1 193 509	34 765 095	41 728 102	35 958 604
Total By Customer Group	5 242 105	3 274 851	1 760 321	1 885 782	52 124 290	64 287 349	54 010 072

Debtors Analysis

The total debtors outstanding as at 31 March 2014 was R63 448 347; the total debtors outstanding at 30 April 2014 is R64 287 349, this is a decrease of R839 002 (1.3%) for the period.

Total outstanding debtors for more than 90 days amounts to R52.14million as at 31 March 2014 and R54.01 million as at 30 April 2014, the increase for the period was R1.87 million.

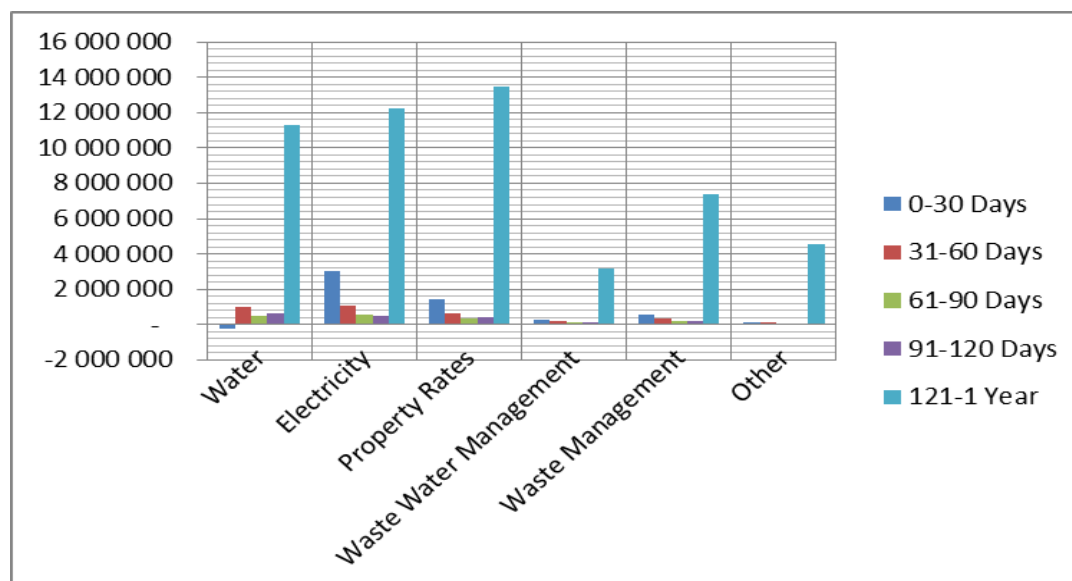
Total outstanding debtors for organs of state and commercial shows that R17 173 million outstanding at 31 March 2014 and for April 2014 the amount outstanding was R18 051; this is a decrease of R878 thousand.

Total services rendered outstanding amounts to R43 042 million as at 30 April 2014 and for 31 March 2014 R38 625 million this is an increase R4 417 million(10.26%). As debtors are increasing on a monthly basis and are already over the R60 million mark the municipal management must start to using strict methods for collecting debt as the municipality are already experiencing cash flow problems. During the Mid-Year Assessment it was establish that amount of R32 million relates to debtors that did not pay their account in a 12 month period, although certain steps has been taken by the income department debtors are still rising. The income department must calculate what amount of the outstanding debt can be recovered and when they will be able to recover it. On the report outstanding moneys the collection rate states that the municipality collects only 13.75% on all outstanding debt and a 82.22% on the month billings versus month actual money collected, this means the municipality are losing money on a monthly basis.

Chart 8 – Debtors per revenue source

NC062 Nama Khoi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M10 April							
Description	Budget Year 2013/14						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-1 Year	Total	Total over 90 days
Debtors Age Analysis By Income Source							
Water	-246 536	967 528	490 072	632 978	11 266 980	13 111 022	11 899 958
Electricity	3 014 889	1 038 169	566 845	525 621	12 226 847	17 372 371	12 752 468
Property Rates	1 463 620	617 956	335 997	386 148	13 487 406	16 291 127	13 873 554
Waste Water Management	308 206	197 628	101 951	95 444	3 164 652	3 867 881	3 260 096
Waste Management	584 349	322 915	195 083	187 527	7 400 529	8 690 403	7 588 056
Other	117 577	130 655	70 373	58 064	4 577 876	4 954 545	4 635 940
Total By Income Source	5 242 105	3 274 851	1 760 321	1 885 782	52 124 290	64 287 349	54 010 072

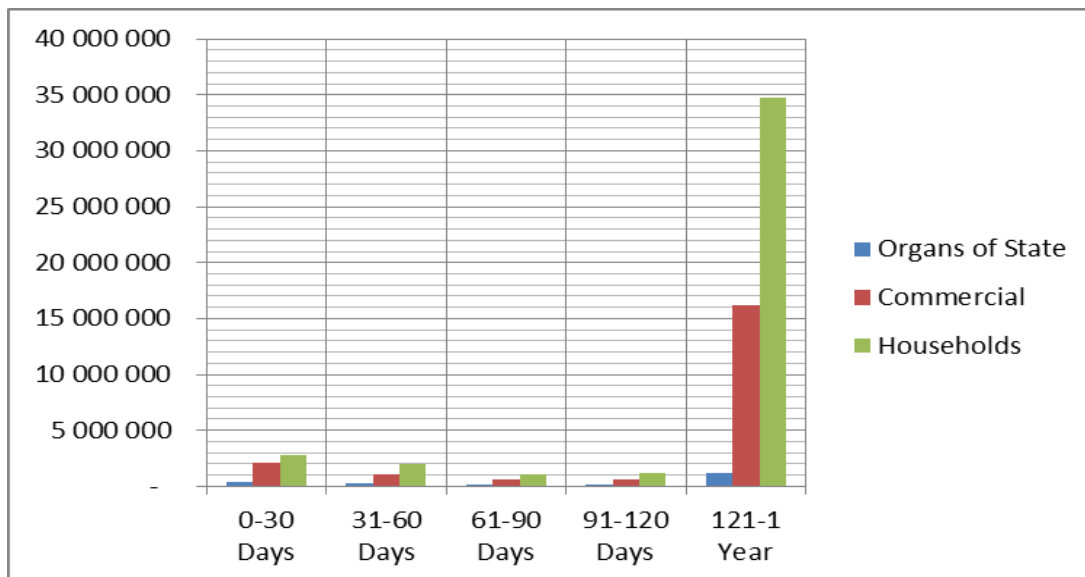
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-1 Year	Total	Total over 90 days
Organs of State	372 125	310 387	71 665	39 602	1 190 293	1 984 072	1 229 895
Commercial	2 114 849	1 027 723	611 030	652 671	16 168 902	20 575 175	16 821 573
Households	2 755 131	1 936 741	1 077 626	1 193 509	34 765 095	41 728 102	35 958 604
Total By Customer Group	5 242 105	3 274 851	1 760 321	1 885 782	52 124 290	64 287 349	54 010 072

CHART 9

The following chart shows the debtors outstanding per category, Chart as per information above



CREDITORS Age Analysis - Annexure B -Table SC4

The debtor's age analysis report shown in Annexure B has been prepared on the basis of the format required by the National Treasury.

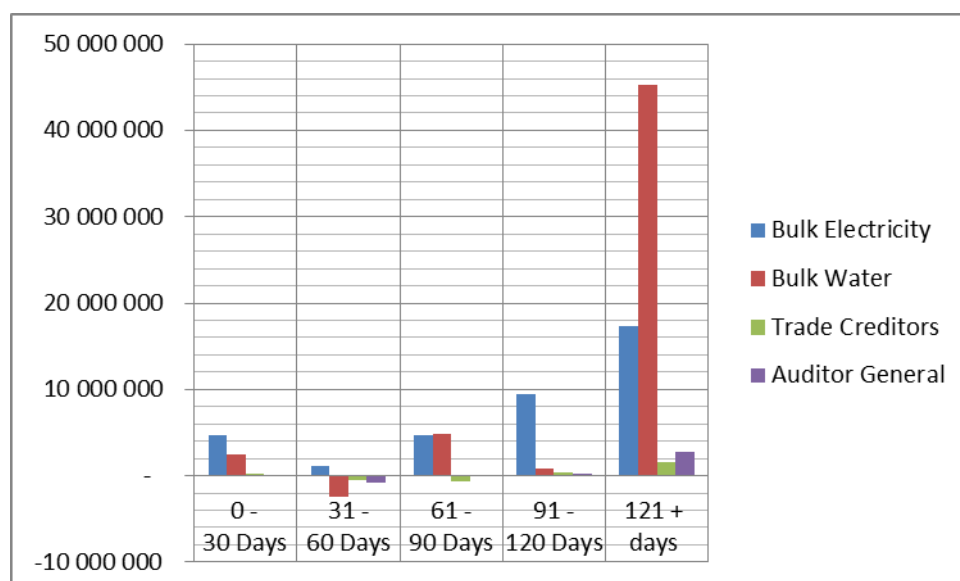
The following report shows the creditors outstanding at 30 APRIL 2014

Creditors Analysis

Creditors Age Analysis at 30 April 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + days	Total
Bulk Electricity	4 625 696	1 069 791	4 742 889	9 495 855	17 385 890	37 320 120
Bulk Water	2 401 073	-2 401 073	4 853 730	866 836	45 327 016	51 047 581
Trade Creditors	287 101	-558 532	-695 876	356 997	1 500 443	890 132
Auditor General	-	-743 312	126 729	178 267	2 697 229	2 258 913
Total	7 313 870	-2 633 126	9 027 471	10 897 954	66 910 577	91 516 747

The municipality's creditors outstanding are illustrated above with Bulk Water (Sedibeng) the highest, the amount outstanding is R51 047 581 which includes a dispute from previous periods. The fact that the municipality are only collection 13.75 as at 30 April 2014 as illustrated on page 2 means that the municipality are not collecting more than 80 % in moneys which could've been use to lower the creditors strain on the municipality.

Chart 10



Creditors Age Analysis

The comparison for creditors outstanding between March 2014 and April 2014 are as follows:

Bulk Electricity – March, R39 871 million and April 2014 R37 320 this means the amount outstanding decrease by R2 551 million.

Bulk Water – March, R46 193 million and April 2014 R51 048 this means the amount outstanding increase by R4 855 million.

Trade Creditors – March, R2 295 million and April 2014 R890 thousand this means the amount decrease by R1 405 million.

Auditor General – March 2014, R2 697 million and April 2014 R2 258 million this means the amount outstanding decrease by R439 thousand.

The overall increase from the previous month is R459 thousand.

Debt collection has a direct impact on the ability to pay creditors; if the municipality does not collect moneys it can't pay creditors, giving the municipality position it's a given that the municipality does not collect enough revenue for payment of creditors.

The following service charges: water and electricity expenditure are than the income derive for supplying the services, the MFMA states that these to services should have a positive variance to ensure sustainability. The fact that the municipality does not make profit on these two services further adds to inability to pay creditors.

NAMA KHOI MUNICIPALITY
REPORT OUTSTANDING MONEY FOR APRIL 2014

SERVICE POINTS	OUTSTANDING 31.03.14	ADD BILLINGS	MINUS INCOME	OUTSTANDING 30.04.14	Collection Rate for the month	Collection Rate at historical debt plus current billings	INCREASING (DECREASING)	% INCREASE /(DECREASE) (DAILING)
A	B	C	D	E			F	G
RATES:								
Springbok	3 542 975.24	1 473 113.02	1 391 421.34	3 624 666.92	94.45	27.74%	81 691.68	2.31%
Steinkopf	4 384 045.27	294 441.22	155 035.52	4 523 450.97	52.65	3.31%	139 405.70	3.18%
Concordia	1 424 312.36	137 988.96	121 020.41	1 441 280.91	87.70	7.75%	16 968.55	1.19%
Komaggas	2 879 599.64	61 848.34	15 389.82	2 926 058.16	24.88	0.52%	46 458.52	1.61%
Okiep	830 871.27	161 247.62	137 134.38	854 984.51	85.05	13.82%	24 113.24	2.90%
Nababeep	572 638.24	215 081.97	177 497.03	610 223.18	82.53	22.53%	37 584.94	6.56%
TOTAL RATES	13 634 442.02	2 343 721.13	1 997 498.50	13 980 664.65	85.23	12.50%	346 222.63	2.54%
SERVICES:								
Springbok	3 374 106.37	4 896 007.52	4 540 376.29	3 729 737.60	92.74	54.90%	355 631.23	10.54%
Steinkopf	5 941 627.73	525 636.92	272 434.10	6 194 830.55	51.83	4.21%	253 202.82	4.26%
Concordia	2 834 227.52	930 909.53	859 469.42	2 905 667.63	92.33	22.83%	71 440.11	2.52%
Komaggas	8 676 618.58	274 143.47	132 568.76	8 818 193.29	48.36	1.48%	141 574.71	1.63%
Okiep	4 606 653.15	581 259.97	443 034.33	4 744 878.79	76.22	8.54%	138 225.64	3.00%
Nababeep	10 264 637.39	1 002 643.93	490 108.78	10 777 172.54	48.88	4.35%	512 535.15	4.99%
TOTAL SERVICES	35 697 870.74	8 210 601.34	6 737 991.68	37 170 480.40	82.06	15.35%	1 472 609.66	4.13%
LANDSALES								
Springbok *	71 262.33	2 706.76	5 537.37	68 431.72	204.58	7.49%	(2 830.61)	(3.97%)
Steinkopf	145 786.73	746.83	970.67	145 562.89	129.97	0.66%	(223.84)	(0.15%)
Concordia**	124 872.32	4 873.14	5 324.88	124 420.58	109.27	4.10%	(451.74)	(0.36%)
Kommagas	69 266.40	743.69		70 010.09	-	0.00%	743.69	1.07%
Okiep	165 065.83	1 470.47	7 794.56	158 741.74	530.07	4.68%	(6 324.09)	(3.83%)
Nababeep	36 981.59	1 961.00	2 228.60	36 713.99	113.65	5.72%	(267.60)	(0.72%)
TOTAL LANDSALES	613 235.20	12 501.89	21 856.08	603 881.01	174.82	3.49%	(9 354.19)	(1.53%)
GRAZINGFEES								
Springbok	7 789.04	2 793.11	2 519.40	8 062.75	90.20	23.81%	273.71	3.51%
Steinkopf	715 882.51	44 223.46	22 767.24	737 338.73	51.48	3.00%	21 456.22	3.00%
Concordia	275 187.27	26 259.04	19 879.16	281 567.15	75.70	6.59%	6 379.88	2.32%
Komaggas	455 198.73	14 327.99	3 800.40	465 726.32	26.52	0.81%	10 527.59	2.31%
Okiep	18 706.50	3 672.17	2 180.44	20 198.23	59.38	9.74%	1 491.73	7.97%
Nababeep	10 872.06	2 001.56	1 815.65	11 057.97	90.71	14.10%	185.91	1.71%
TOTAL GRAZINGFEE	1 483 636.11	93 277.33	52 962.29	1 523 951.15	56.78	3.36%	40 315.04	2.72%
DIVERSE:								
Springbok	831 453.67	70 940.27	42 099.06	860 294.88	59.34	4.67%	28 841.21	3.47%
Steinkopf	372 411.28	14 919.43	4 738.74	382 591.97	31.76	1.22%	10 180.69	2.73%
Concordia	397 681.53	34 961.18	33 868.36	398 774.35	96.87	7.83%	1 092.82	0.27%
Komaggas	383 072.23	7 120.81	4 537.86	385 655.18	63.73	1.16%	2 582.95	0.67%
Okiep	130 300.75	1 476.56	274.67	131 502.64	18.60	0.21%	1 201.89	0.92%
Nababeep	324 652.15	29 825.97	294.77	354 183.35	0.99	0.08%	29 531.20	9.10%
TOTAAL DIVERSE	2 439 571.61	159 244.22	85 813.46	2 513 002.37	53.89	3.30%	73 430.76	3.01%
GROOT TOTAAL	53 868 755.68	10 819 345.91	8 896 122.01	55 791 979.58	82.22	13.75%	1 923 223.90	3.57%
TOTAL SERVICESPOINTS								
Springbok	7 827 586.65	6 445 560.68	5 981 953.46	8 291 193.87	92.81	41.91%	463 607.22	5.92%
Steinkopf	11 559 753.52	879 967.86	455 946.27	11 983 775.11	51.81	3.67%	424 021.59	3.67%
Concordia	5 056 281.00	1 134 991.85	1 039 562.23	5 151 710.62	91.59	16.79%	95 429.62	1.89%
Komaggas	12 463 755.58	358 184.30	156 296.84	12 665 643.04	43.64	1.22%	201 887.46	1.62%
Okiep	5 751 597.50	749 126.79	590 418.38	5 910 305.91	78.81	9.08%	158 708.41	2.76%
Nababeep	11 209 781.43	1 251 514.43	671 944.83	11 789 351.03	53.69	5.39%	579 569.60	5.17%
	53 868 755.68	10 819 345.91	8 896 122.01	55 791 979.58	82.22	13.75%	1 923 223.90	3.57%

- **The report above states the collection rate of the municipality, there are two different collection rate illustrated:**
 - Collection rate for the month – The calculation is based on the current month billings versus the current month’s actual income received; which shows the municipality collected 82.22% for the month of 30 April 2014 losing 17.78% in the process.
 - Collection at historical debt plus current billings – The calculation take into consideration month billing plus the outstanding debt versus current actual money received; this means that the municipality are only collecting 13.75% of outstanding moneys at 30 April 2014.

Historical Collection rates illustrated below:

Rates

From the information above the municipality collected 27.74 % in Springbok which was the highest collection rate; however the lowest collection rate was at 0.52% which was for Komaggas.

Services

From the information above the municipality collected 54.90% at Springbok which was the highest collection rate; however the lowest collection rate was at 1.48% which was for Komaggas.

Landsales

From the information above the municipality collected 7.49% at Springbok which was the highest collection rate; however the lowest collection rate was at 0.00% which was for Komaggas.

Grazing Fees

From the information above the municipality collected 23.81% at Springbok which was the highest collection rate; however the lowest collection rate was at 0.81% which was for Komaggas.

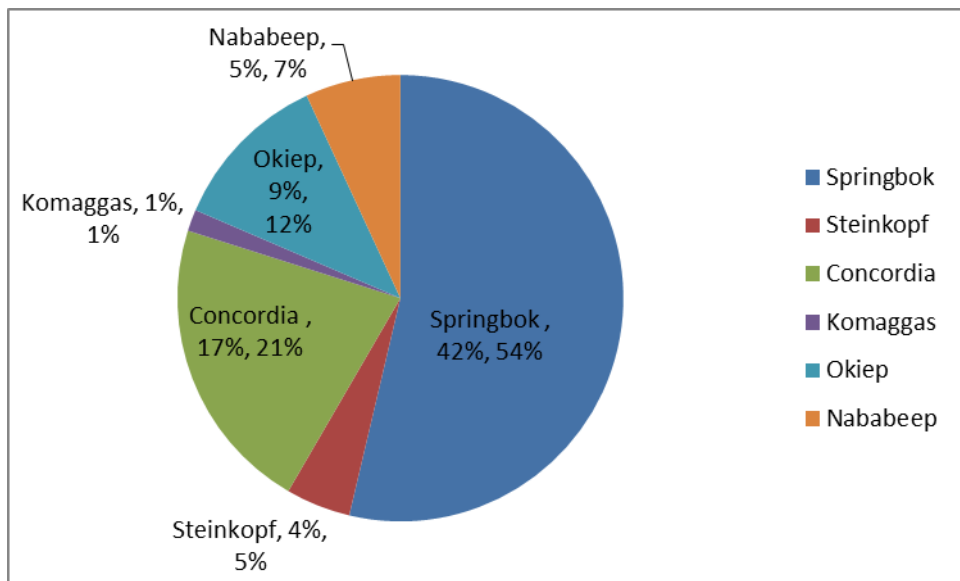
Diverse/other

From the information above the municipality collected 7.83% at Concordia which was the highest collection rate; however the lowest collection rate was at 0.21% which was for Okiep.

Service points

From the information above the municipality collected 41.91% at Springbok which was the highest collection rate; however the lowest collection rate was at 1.22 % which was for Komaggas.

CHART: PERCENTAGE OF INCOME COLLECTED PER SERVICE POINT ON ALL MONEYS OUTSTANDING



NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M10 April							
Summary of Employee and Councillor remuneration	Budget Year 2013/14						Full Year Forecast
	Original Budget	April actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
Councillors (Political Office Bearers plus Other)							
Basic Salaries and Wages	2 740 690	263 525	2 604 206	2 283 908	320 297	114%	136 484
Pension and UIF Contributions	405 104	3 158	53 017	337 587	-284 570	16%	352 087
Motor Vehicle Allowance	1 292 083	88 897	887 674	1 076 736	-189 062	82%	404 409
Cellphone Allowance	Nil	18 807	187 495	Nil	187 495	No comp	No comp
Sub Total - Councillors	4 437 877	374 387	3 732 391	3 698 231	34 161	101%	705 486
							-
Senior Managers of the Municipality							-
Basic Salaries and Wages	5 183 064	267 462	3 263 606	4 319 220	-1 055 613	76%	1 919 457
Pension and UIF Contributions	227 512	36 013	470 622	189 594	281 028	248%	-243 110
Medical Aid Contributions	130 054	18 762	184 762	108 378	76 384	170%	-54 709
Motor Vehicle Allowance	708 283	80 504	938 263	590 236	348 027	159%	-229 980
Cellphone Allowance	Nil	120	1 080	Nil	1 080	No comp	No comp
Housing Allowances	Nil	1 007	11 807	Nil	11 807	No comp	No comp
Other benefits and allowances	178 897	70 692	841 880	149 081	692 800	565%	-662 983
Long service awards	Nil	Nil	16 803	Nil	16 803	No comp	No comp
Sub Total - Senior Managers of Municipality	6 427 809	474 560	5 728 824	5 356 508	372 316	107%	698 985
							-
Other Municipal Staff							-
Basic Salaries and Wages	43 839 533	3 485 428	35 367 177	36 532 944	-1 165 767	97%	8 472 356
Pension and UIF Contributions	6 078 341	510 036	5 011 815	5 065 284	-53 469	99%	1 066 526
Medical Aid Contributions	1 299 194	137 402	1 183 524	1 082 662	100 862	109%	115 671
Overtime	2 158 212	298 542	2 532 798	1 798 510	734 288	141%	-374 586
Motor Vehicle Allowance	3 764 976	281 148	2 860 060	3 137 480	-277 420	91%	904 916
Cellphone Allowance	Nil	1 600	16 720	Nil	16 720	No comp	No comp
Housing Allowances	309 137	19 055	191 392	257 614	-66 222	74%	117 745
Other benefits and allowances	5 124 309	529 316	4 228 107	4 270 258	-42 150	99%	896 202
Long service awards	Nil	12 105	80 340	Nil	80 340	No comp	No comp
Sub Total - Other Municipal Staff	62 573 703	5 274 632	51 471 933	52 144 753	-672 819	99%	11 101 770
							-
Total Parent Municipality	73 439 389	6 123 578	60 933 149	61 199 491			
Total Employee Related cost	69 001 513	5 749 192	57 200 757	57 501 260			
Total Expenditure	205 312 998	12 040 595	165 879 680	157 252 219			
% employee related cost to total expenditure	34%	48%	34%	37%			

YearTD – refers to Year-to-date (July 2014 to April 2014)

Variance – refers the difference between actual versus budget, over 100% more was paid than budget.

Nil – No amounts was budget or spent

No comp – No comparison can be made either because there is no budget or no expenditure

Employee related cost to total expenditure % of an organisation should be at 35% of total expenditure, the ratio for the month of April 2014 is 48%. This ratio is very high it is as result of not all expenditure items updated at the time of compilation of reports, although it has been communicated throughout the financial year it still occurs putting the municipality in a very bad position

5. Financial Implications /Recommendations

Revenue by source:

The revenue of the municipality needs to be calculated on a monthly basis that is align to the billed amounts per month, service charges like water and electricity should be budget taking into account the seasonal difference, the operating lease register should be kept up to date to ensure the right debtors are billed the correct rates, the municipality should ensure that property rates are treated the same when budgeting and when its billed. All departments must be realistic when budgeting for revenue.

Expenditure by type:

Municipal management should take time consulting within their departments discussing their plans for the year and stick to the plans, the problem that occurred throughout the previous year was spending on items that were not budgeted, each head of department are responsible for his or her respective budget and should take charge and start control their budgets. All expenditure needs to be captured and updated on time to give the true reflection of the municipality month expenditure. The departments that are having overspent items already needs to discussed their budget within their respective departments and make the necessary arrangements to avoid huge overspending on line items. Departments must start to prioritise on their budgets and leave items where expenditure is unlikely to happen within the year.

Capital Expenditure:

The projects plans as per the development department should be the same as the budgeted month to month figures in the budget this will ensure that the municipality can control expenditure and avoid projects being delayed because of revenue issues. Capital Budget should be control by the officials responsible for projects and communication between the Budget and Treasury office and Development Department is critical.

Cash Flow Statement:

The cash flow budget should be the tool to be used throughout the year to avoid cash flow problems. Service charges collection rate needs to be in the upper 90% as they are the main income of the municipality. The same time/consulting process as with the operating budget is needed with cash flow statement as revenue billed is not necessary income received. If the municipality's current situation is taken into consideration, it is key to budget for revenue that will be cash bound to avoid cash flow pr

Debtors Analysis

Municipalities deliver services to the community these services are costly which means the municipality needs to collect revenue for all services rendered. Legislation states municipalities needs to collect more revenue for water and electricity than what was spend to deliver these services to ensure sustainability, with Nama Khoi municipality having debtors outstanding for more than R60 million should be a worrying factor for management. Buy-in of Councillors as well as officials is needed to collect outstanding moneys.

Creditors Analysis

Legislation states that the municipality needs to pay creditors within 30 days, which means the municipality need to have a positive and healthy cash flow to ensure payment, debtors relates to a positive cash flow, it means if debtors do not pay creditors cannot be paid.

Collection Rate

The collection rate of the municipality starts the chain reaction of a positive cash flow at a municipality, it means if collection rates are low debtors outstanding will rise this will mean that he cash flow are hampered, which will result in the municipality having cash flow problems meaning the municipality will start having problems paying their creditors as stipulated by the legislation. The low collection rate of March 2014 shows that the debtors outstanding are still increasing bringing more cash flow problems and will increased creditors outstanding.

6. Interdepartmental and cluster impact

This report is prepared to achieve MFMA compliance.

7. Comments of the Head: Legal Services

The above mentioned report as such does not call for legal clarification

8. Conclusion

This report was compiled in accordance compliance of section 71 of the MFMA, by providing a statement to the Council containing certain financial particulars

PREPARED BY:

Heinri Cloete

Section Head: Financial Services

Budget & Treasury

DATE: 14 April 2014

NAMAKHOIMUNICIPALITY QUALITY CERTIFICATE

I, Russel Hartley, the acting Municipal Manager of Nama Khoi Municipality, hereby certify that –

- the monthly report on the implementation of the budget and financial state affairs of the municipality for the month ending 30 April 2014 has been prepared in accordance with the Municipal Finance Management Act 71 and regulations made under that Act.

Print name:.....

Municipal Manager of Nama Khoi Municipality

Signature:.....

Date:.....

Annexure A

Reports and reportable matters

Monthly reports statements – Section 71 MFMA

(1) The accounting officer of a municipality must no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury 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 expenditure per vote
- (d) Actual capital expenditure per vote
- (e) The amount of any allocations 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 –
 - (i) Any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) Any material variances from the service delivery and budget implementation plan; and
 - (iii) Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget

(2) The statement must include –

- (a) A projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- (b) The prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87 (10)

(3) The amounts reflected in the statement must in each case be compared with corresponding amounts budgeted for in the municipality's approved budget

(4) The statement to the provincial treasury must be in the format of a signed document and in the electronic format.

(5) The accounting officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.

(6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets per municipality and municipal entity

(7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budget per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after end of each quarter.

NAMA KHOI MUNICIPALITY SCHEDULE C MONTHLY BUDGET STATEMENT

General information and contact information

Main tables

	Consolidated Monthly Statements
Table C1-SUM	Summary
Table C2-FinPer SC	Financial Performance (standard classification)
Table C2C	Financial Performance (standard classification)
Table C3-Fin Per V	Financial Performance (revenue and expenditure by municipal vote)
Table C3C	Financial Performance (revenue and expenditure by municipal vote)
Table C4-FinPerRE	Financial Performance (revenue and expenditure)
Table C5-CAPEX	Capital Expenditure (municipal vote, standard classification)
Table C5C	Capital Expenditure (municipal vote, standard classification)
Table C6-FinPos	Financial Position
Table C7-Cflow	Cash Flow

Supporting Tables

Table SC1	Material variance explanations
Table SC2	Monthly Budget Statement – Performance Indicators
Table SC3	Monthly Budget Statement – Aged debtors
Table SC4	Monthly Budget Statement – Aged creditors
Table S5	Monthly Budget Statement – Investment portfolio
Table SC6	Monthly Budget Statement – Transfer and grant receipts
Table SC7	Monthly Budget Statement – Transfer and grant expenditure
Table SC8	Monthly Budget Statement – Councillor and staff benefits
Table SC9	Monthly Budget Statement – Actual and revised targets for cash receipts
Table SC10	Monthly Budget Statement – Parent Municipality Financial Performance
Table SC11	Monthly Budget Statement – Summary of municipal entities
Table SC 12	Consolidated Monthly Budget Statement – Capital expenditure trend

Table SC13 a	Consolidated Monthly Budget Statement – Capital expenditure on new assets by asset class
Table SC b	Consolidated Monthly Budget Statement – Capital expenditure on renewal of existing assets by asset class
Table SC c	Consolidated Monthly Budget Statement – Expenditure on repairs and maintenance by asset class
Table SC d	Consolidated Monthly Budget Statement – depreciation by asset class
Table SC71	Charts
Attached	Return Forms
Attached	Additional Information