



Nama Khoi Municipality

07 October 2019

The Mayor

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING
31 July 2019 (MONTHLY BUDGET STATEMENT) – 2019/2020 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 31 July 2019

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 31 JULY 2019

This report is based upon financial information, as at 31 July 2019 and available at the time of preparation.

The financial results for the period ended 31 July 2019 are summarised as follows:

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

The summary report indicates the following

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NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July						
Description	Budget Year 2019/20					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Revenue By Source						
Property rates	48,299,939	49,988,234	49,988,234	4,024,995	45,963,239	1,242
Service charges - electricity revenue	94,192,965	7,615,584	7,615,584	7,849,415	(233,831)	97
Service charges - water revenue	36,308,961	2,232,438	2,232,438	3,025,746	(793,308)	74
Service charges - sanitation revenue	11,937,733	981,187	981,187	994,813	(13,626)	99
Service charges - refuse revenue	14,345,192	1,182,323	1,182,323	1,195,431	(13,108)	99
Rental of facilities and equipment	1,343,780	496,392	496,392	111,979	384,413	443
Interest earned - external investments	1,315,409	107,753	107,753	109,619	(1,866)	98
Interest earned - outstanding debtors	7,402,547	999,091	999,091	616,879	382,212	162
Fines, penalties and forfeits	212,499	6,953	6,953	17,709	(10,756)	39
Licences and permits	1,524,491	227,708	227,708	127,041	100,667	179
Agency services	1,225,496	14,706	14,706	102,124	(87,418)	14
Transfers and subsidies	60,008,347	19,929,000	19,929,000	4,965,043	14,963,957	401
Other revenue	2,195,842	142,959	142,959	182,987	(40,028)	78
Total Revenue (excluding capital transfers and contributions)	280,313,201	83,924,328	83,924,328	23,323,781	60,600,547	360
Expenditure By Type						
Employee related costs	95,623,016	7,824,790	7,824,790	7,895,432	(70,642)	99
Remuneration of councillors	6,398,904	531,237	531,237	533,243	(2,006)	100
Debt impairment	19,601,186	-	-	1,633,432	(1,633,432)	-
Depreciation & asset impairment	39,424,653	-	-	3,285,387	(3,285,387)	-
Finance charges	2,556,879	974,867	974,867	213,073	761,794	458
Bulk purchases	115,446,012	8,279,580	8,279,580	9,620,501	(1,340,921)	86
Other materials	9,599,344	70,632	70,632	764,120	(693,488)	9
Contracted services	30,436,645	330,481	330,481	3,088,469	(2,757,988)	11
Other expenditure	29,206,033	1,811,175	1,811,175	2,427,170	(615,995)	75
Total Expenditure	348,292,672	19,822,762	19,822,762	29,460,827	(9,638,065)	67
Surplus/(Deficit)	(67,979,471)	64,101,566	64,101,566	(6,137,046)	70,238,612	

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July						
Description	Budget Year 2019/20					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Revenue By Source						
Property rates	48,299,939	49,988,234	49,988,234	4,024,995	45,963,239	1,242
Service charges - electricity revenue	94,192,965	7,615,584	7,615,584	7,849,415	(233,831)	97
Service charges - water revenue	36,308,961	2,232,438	2,232,438	3,025,746	(793,308)	74
Service charges - sanitation revenue	11,937,733	981,187	981,187	994,813	(13,626)	99
Service charges - refuse revenue	14,345,192	1,182,323	1,182,323	1,195,431	(13,108)	99
Rental of facilities and equipment	1,343,780	496,392	496,392	111,979	384,413	443
Interest earned - external investments	1,315,409	107,753	107,753	109,619	(1,866)	98
Interest earned - outstanding debtors	7,402,547	999,091	999,091	616,879	382,212	162
Fines, penalties and forfeits	212,499	6,953	6,953	17,709	(10,756)	39
Licences and permits	1,524,491	227,708	227,708	127,041	100,667	179
Agency services	1,225,496	14,706	14,706	102,124	(87,418)	14
Transfers and subsidies	60,008,347	19,929,000	19,929,000	4,965,043	14,963,957	401
Other revenue	2,195,842	142,959	142,959	182,987	(40,028)	78
Total Revenue (excluding capital transfers and contributions)	280,313,201	83,924,328	83,924,328	23,323,781	60,600,547	360

Explanation on YTD variance % - e.g. 101% means that the municipality billed 1% more than what was budget and 97 means the municipality billed 3% less than what was budgeted.

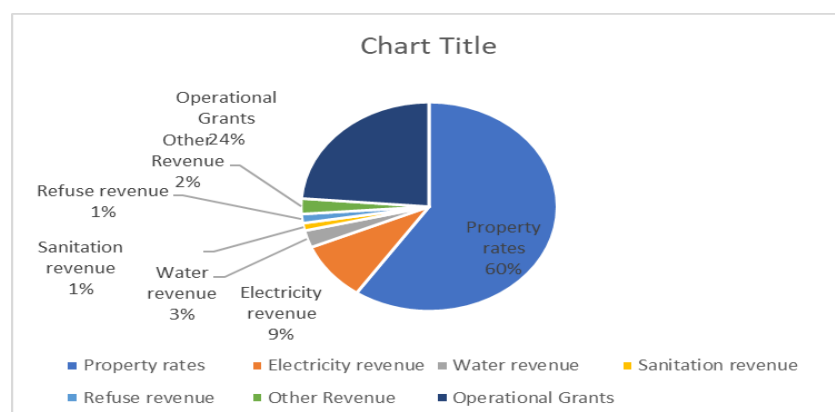
Property Rates- Billed in the beginning of the financial year, the actual payment of the property rates can commence once of monthly by the consumers, municipality therefore divides the budget into equal amounts, however the huge variance has been identified both by Treasury as well as Council and a solution has not been found/

Rental of facilities – Revenue from this item vary on a monthly basis as it includes rental of halls and other facilities which are used as the community needs it.

Interest earned outstanding debtors and Fines & penalties – interest on outstanding debtors are link to increasing debtors as debtors increase interest on their account will increase, municipality budget to have a decrease in debtors and therefore the actual figures differs from the budgeted figures.

CHART 1

The following chart shows the revenue by source for the month of 31 July 2019 in terms of revenue as a percentage of total revenue.



Expenditure By Type	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Employee related costs	95,623,016	7,824,790	7,824,790	7,895,432	(70,642)	99
Remuneration of councillors	6,398,904	531,237	531,237	533,243	(2,006)	100
Debt impairment	19,601,186	-	-	1,633,432	(1,633,432)	-
Depreciation & asset impairment	39,424,653	-	-	3,285,387	(3,285,387)	-
Finance charges	2,556,879	974,867	974,867	213,073	761,794	458
Bulk purchases	115,446,012	8,279,580	8,279,580	9,620,501	(1,340,921)	86
Other materials	9,599,344	70,632	70,632	764,120	(693,488)	9
Contracted services	30,436,645	330,481	330,481	3,088,469	(2,757,988)	11
Other expenditure	29,206,033	1,811,175	1,811,175	2,427,170	(615,995)	75
Total Expenditure	348,292,672	19,822,762	19,822,762	29,460,827	(9,638,065)	67

Notes on variances above/under 10%

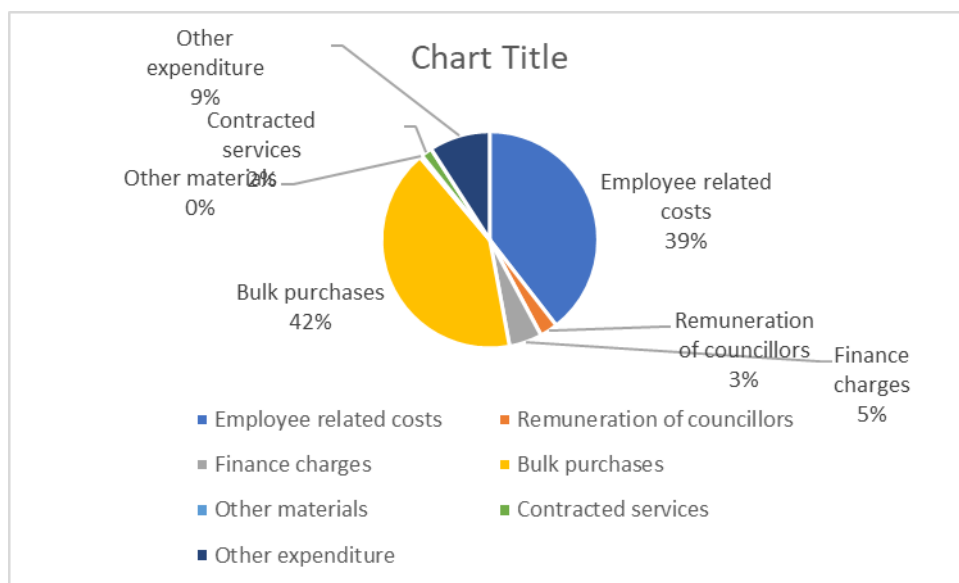
Depreciation and debt impairment – Please note depreciation as well as debt impairment are not done on a monthly basis, please note the asset register has been submitted to the Service Provider for alignment to the financial system.

Finance Charges – Relates to interest and penalties paid of which the municipality cannot budget.

Other Materials and contracted services– Please note the municipality currently are under financial distress and are lacking the actual cash for the necessary repairs to be done.

CHART 2

The following chart shows the expenditure by type in terms of expenditure at a percentage of total expenditure, 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) - M01 July							
Vote Description	Budget Year 2019/20						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Revenue by Vote							
Vote 1 - EXECUTIVE MAYOR AND COUNCIL	173,609	173,609	12,674	12,674	14,467	(1,794)	88
Vote 2 - MUNICIPAL MANAGER	1,600,487	1,600,487	23,634	23,634	133,374	(109,740)	18
Vote 3 - CORPORATE SERVICES	195,609	195,609	328,785	328,785	16,301	312,484	2,017
Vote 4 - FINANCIAL SERVICES	107,684,077	107,684,077	71,033,339	71,033,339	8,973,673	62,059,665	792
Vote 5 - COMMUNITY SERVICES: COMM DEV	18,143,426	18,143,426	1,485,406	1,485,406	1,511,952	(26,546)	98
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY	2,631,321	2,631,321	132,790	132,790	219,277	(86,487)	61
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL	177,420,325	177,420,325	10,907,697	10,907,697	14,749,376	(3,841,679)	74
Total Revenue by Vote	307,848,854	307,848,854	83,924,323	83,924,323	25,618,420	58,305,903	328
Expenditure by Vote							
Vote 1 - EXECUTIVE MAYOR AND COUNCIL	7,766,895	7,766,895	685,285	685,285	589,744	95,541	116
Vote 2 - MUNICIPAL MANAGER	15,388,676	15,388,676	995,635	995,635	1,282,390	(286,755)	78
Vote 3 - CORPORATE SERVICES	35,308,586	35,308,586	2,303,484	2,303,484	2,942,382	(638,898)	78
Vote 4 - FINANCIAL SERVICES	48,587,551	48,587,551	2,500,959	2,500,959	4,048,963	(1,548,003)	62
Vote 5 - COMMUNITY SERVICES: COMM DEV	24,986,782	24,986,782	1,243,604	1,243,604	2,082,232	(838,628)	60
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY	9,698,844	9,698,844	713,174	713,174	808,237	(95,063)	88
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL	206,555,338	206,555,338	11,380,626	11,380,626	17,706,879	(6,326,253)	64
Total Expenditure by Vote	348,292,672	348,292,672	19,822,767	19,822,767	29,460,827	(9,638,060)	67
Surplus/ (Deficit) for the year	(40,443,818)	(40,443,818)	64,101,556	64,101,556	(3,842,407)	67,943,963	

	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Revenue by Vote							
Vote 1 - EXECUTIVE MAYOR AND COUNCIL	173,609	173,609	12,674	12,674	14,467	(1,794)	88
Vote 2 - MUNICIPAL MANAGER	1,600,487	1,600,487	23,634	23,634	133,374	(109,740)	18
Vote 3 - CORPORATE SERVICES	195,609	195,609	328,785	328,785	16,301	312,484	2,017
Vote 4 - FINANCIAL SERVICES	107,684,077	107,684,077	71,033,339	71,033,339	8,973,673	62,059,665	792
Vote 5 - COMMUNITY SERVICES: COMM DEV	18,143,426	18,143,426	1,485,406	1,485,406	1,511,952	(26,546)	98
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY	2,631,321	2,631,321	132,790	132,790	219,277	(86,487)	61
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL	177,420,325	177,420,325	10,907,697	10,907,697	14,749,376	(3,841,679)	74
Total Revenue by Vote	307,848,854	307,848,854	83,924,323	83,924,323	25,618,420	58,305,903	328

Reasons for variances above/under 10%

Municipal Manager – Fees from building fees lower than budgeted.

Corporate Services – Rental of facilities higher than the intended budget. Sale of land and stands did not occur as budgeted.

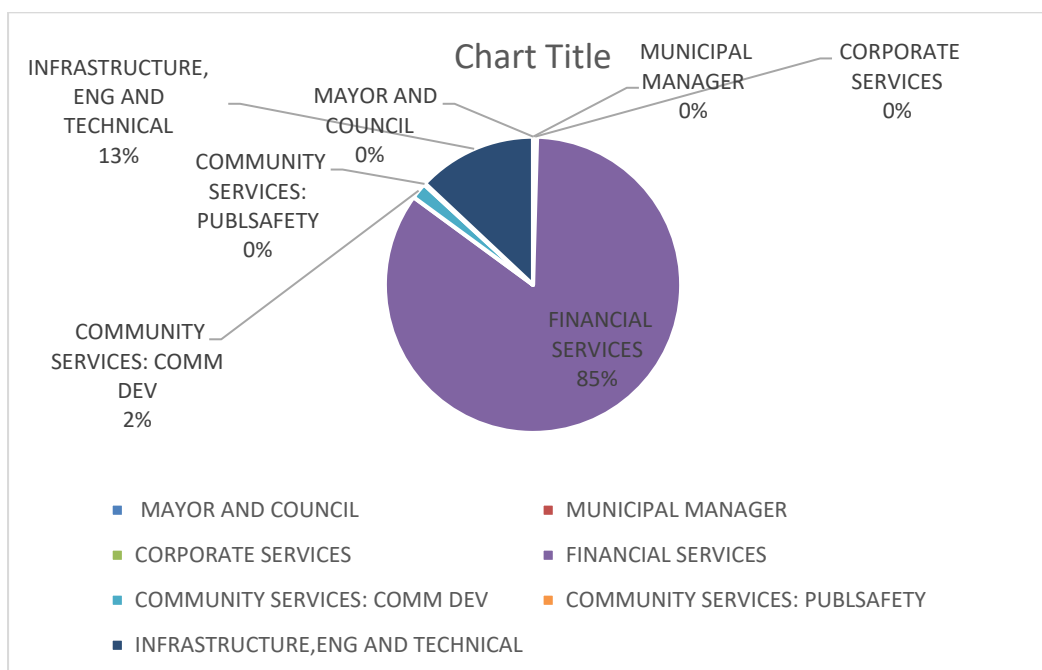
Financial Services - Property Rates- Billed in the beginning of the financial year, the actual payment of the property rates can commence once of monthly by the consumers, municipality therefore divides the budget into equal amounts, however the huge variance has been identified both by Treasury as well as Council and a solution has not been found

Public Safety – Revenue from Agency fees lower than budgeted.

Technical Services – Capital expenditure lower than the budgeted amount, therefore revenue recognised from grants lower than the budgeted amount.

CHART 3

The following chart shows the revenue by vote for 31 July 2019



Expenditure by Vote	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Vote 1 - EXECUTIVE MAYOR AND COUNCIL	7,766,895	7,766,895	685,285	685,285	589,744	95,541	116
Vote 2 - MUNICIPAL MANAGER	15,388,676	15,388,676	995,635	995,635	1,282,390	(286,755)	78
Vote 3 - CORPORATE SERVICES	35,308,586	35,308,586	2,303,484	2,303,484	2,942,382	(638,898)	78
Vote 4 - FINANCIAL SERVICES	48,587,551	48,587,551	2,500,959	2,500,959	4,048,963	(1,548,003)	62
Vote 5 - COMMUNITY SERVICES: COMM DEV	24,986,782	24,986,782	1,243,604	1,243,604	2,082,232	(838,628)	60
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY	9,698,844	9,698,844	713,174	713,174	808,237	(95,063)	88
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL	206,555,338	206,555,338	11,380,626	11,380,626	17,706,879	(6,326,253)	64
Total Expenditure by Vote	348,292,672	348,292,672	19,822,767	19,822,767	29,460,827	(9,638,060)	67

Reasons for variances above/under 10%

Financial Services- Please note depreciation as well as debt impairment are not done on a monthly basis, please note the asset register has been submitted to the Service Provider for alignment to the financial system.

Corporate Services – Depreciation are not process on a monthly basis as budgeted.

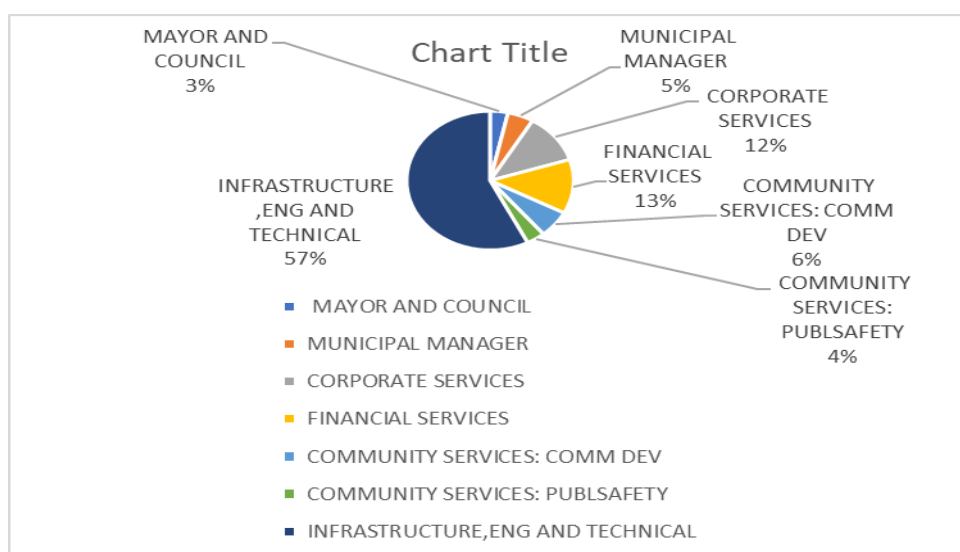
Community Development - Depreciation are not process on a monthly basis as budgeted.

Electricity Services – The municipality are struggling to adhere to the payment of bulk electricity as budgeted as result of financial constraints.

Technical Departments – Depreciation are not process on a monthly basis as budgeted.

CHART 4

The following chart shows the expenditure by vote for 31 July 2019



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.

Capital Expenditure 31 July 2019						
Vote Description	Budget Year 2019/20					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Capital Expenditure - Functional Classification						
Governance and administration	750,000.00	-	-	62,500.00	(62,500.00)	-
Community and public safety	1,120,000.00	-	-	93,333.00	(93,333.00)	-
Planning and development	93,000.00	-	-	-	-	-
Road transport	4,613,044.00	301,088.00	301,088.00	217,391.00	83,697.00	138.50
Energy sources	3,956,522.00	-	-	289,855.00	(289,855.00)	-
Water management	4,282,609.00	370,212.00	370,212.00	43,478.00	326,734.00	851.49
Waste water management	14,193,478.00	503,165.00	503,165.00	229,729.00	273,436.00	219.03
Total Capital Expenditure - Functional Classification	29,008,653.00	1,174,465.00	1,174,465.00	936,286.00	238,179.00	125.44
Funded by:						
National Government	27,483,479.00	1,174,465.00	1,174,465.00	873,786.00	300,679.00	134.41
Provincial Government	52,174.00	-	-	-	-	-
Internally generated funds	1,473,000.00	-	-	62,500.00	(62,500.00)	-
Total Capital Funding	29,008,653.00	1,174,465.00	1,174,465.00	936,286.00	238,179.00	125.44

Notes on the Capital Expenditure

Please note municipality has applied for a rollover of grants that will have impact on the capital budget if approve.

CASH FLOW STATEMENT AT 31 July 2019

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M01 July							
Description	Budget Year 2019/20						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates	43,469,945	43,469,945	3,062,437	3,062,437	3,622,495	(560,058)	85
Service charges	141,106,366	141,106,366	11,181,813	11,181,813	11,758,865	(577,052)	95
Other revenue	4,304,399	4,304,399	1,885,556	1,885,556	358,698	1,526,858	526
Government - operating	59,486,608	59,486,608	19,929,000	19,929,000	4,921,875	15,007,125	405
Government - capital	24,057,392	24,057,392	5,837,000	5,837,000	2,004,783	3,832,217	291
Interest	5,101,571	5,101,571	107,753	107,753	425,133	(317,380)	25
Payments							
Suppliers and employees	(250,926,948)	(250,926,948)	(41,449,732)	(41,449,732)	(21,292,548)	20,157,184	195
Finance charges	(2,237,766)	(2,237,766)	-	-	(186,480)	(186,480)	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	24,361,567	24,361,567	553,827	553,827	1,612,821	1,058,994	34
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
Capital assets	(29,008,653)	(29,008,653)	(3,566,438)	(3,566,438)	(936,286)	2,630,152	381
NET CASH FROM/(USED) INVESTING ACTIVITIES	(29,008,653)	(29,008,653)	(3,566,438)	(3,566,438)	(936,286)	2,630,152	381
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	87,610	87,610	-	-	7,301	(7,301)	
Payments							
Repayment of borrowing	(4,611,546)	(4,611,546)	-	-	(384,296)	(384,296)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4,523,936)	(4,523,936)	-	-	(376,995)	(376,995)	-
NET INCREASE/ (DECREASE) IN CASH HELD	(9,171,022)	(9,171,022)	(3,012,612)	(3,012,612)	299,540		
Cash/cash equivalents at beginning:	12,614,877	12,614,877		8,260,532	12,614,877		
Cash/cash equivalents at month/year end:	3,443,855	3,443,855		5,247,921	12,914,417		

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 July 2019

Debtors Age Analysis 31 July 2019						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Debtors Age Analysis By Income Source						
Water	2,601,565	1,213,595	836,348	850,587	40,992,145	46,494,240
Electricity	5,166,482	1,242,846	516,916	431,524	45,466,421	52,824,189
Property Rates	9,841,945	1,278,776	647,737	571,521	33,032,319	45,372,298
Waste Water Management	1,014,037	427,692	228,243	196,794	11,279,108	13,145,874
Waste Management	1,372,406	643,575	394,019	351,778	24,348,156	27,109,934
Other	271,657	230,990	196,884	118,218	8,574,533	9,392,282
Total By Income Source	20,268,092	5,037,474	2,820,147	2,520,422	163,692,682	194,338,817
Debtors Age Analysis By Customer Group						
Organs of State	5,404,064	342,726	133,232	74,040	1,255,159	7,209,221
Commercial	7,092,796	1,596,979	895,683	764,395	53,729,921	64,079,774
Households	7,771,232	3,097,769	1,791,232	1,681,987	108,707,602	123,049,822
Other	-	-	-	-	-	-
Total By Customer Group	20,268,092	5,037,474	2,820,147	2,520,422	163,692,682	194,338,817

Debtors Age Analysis 30 June 2019

NC062 Nama Khoi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June						
Description	Budget Year 2018/19					
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Debtors Age Analysis By Income Source						
Water	1,480,560	1,570,275	984,174	732,788	41,083,714	45,851,511
Electricity	4,111,899	1,291,354	484,403	479,419	44,809,533	51,176,608
Property Rates	2,779,998	1,364,830	641,517	575,991	32,982,760	38,345,096
Waste Water Management	911,785	447,362	228,388	194,149	11,090,735	12,872,419
Waste Management	1,224,814	686,218	395,321	350,848	23,961,229	26,618,430
Other	96,863	346,015	141,227	120,189	8,704,882	9,409,176
Total By Income Source	10,605,919	5,706,054	2,875,030	2,453,384	162,632,853	184,273,240
Debtors Age Analysis By Customer Group						
Organs of State	680,165	202,314	87,564	88,108	1,225,483	2,283,634
Commercial	4,142,839	1,937,367	840,479	787,072	53,626,557	61,334,314
Households	5,782,915	3,566,373	1,946,987	1,578,204	107,780,813	120,655,292
Total By Customer Group	10,605,919	5,706,054	2,875,030	2,453,384	162,632,853	184,273,240

The total debtors outstanding at 31 July 2019 were R194 338 817, the total debtors outstanding at 30 June 2019 were R184 273 240.

Debtors outstanding for a period more than 121+ days amounts to R163 692 682 compared to R162 632 853 in the previous month.

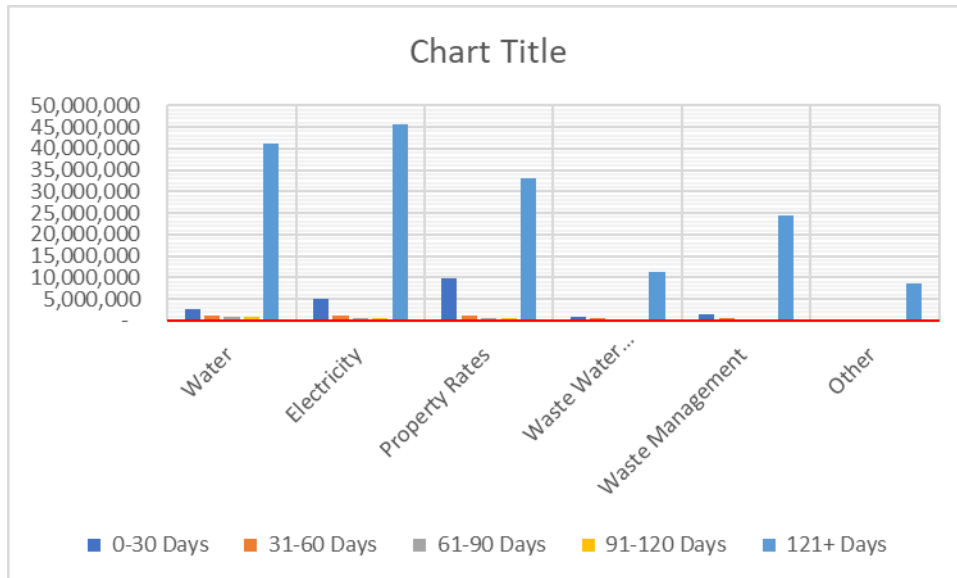
Businesses owe the municipality R64 079 774 compared to R61 334 314 the previous month.

It must be noted the Municipal Council has amended its policies in an attempt to be more accommodating to consumers, if one takes a look at the rate debtors are increasing it is clear that there is a constant increase in both commercial and households on a monthly basis. The municipality in the past financial year has undergone various agreements with households and has implemented the credit control policy however the numbers show that debtors have only increased. Municipal Council should consider the possibility to introduce prepaid/smart water meters in an attempt to collect cash in towns where collection rate is considerably low.

Chart 8 – Debtors per revenue source

Debtors Age Analysis 31 July 2019						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Debtors Age Analysis By Income Source						
Water	2,601,565	1,213,595	836,348	850,587	40,992,145	46,494,240
Electricity	5,166,482	1,242,846	516,916	431,524	45,466,421	52,824,189
Property Rates	9,841,945	1,278,776	647,737	571,521	33,032,319	45,372,298
Waste Water Management	1,014,037	427,692	228,243	196,794	11,279,108	13,145,874
Waste Management	1,372,406	643,575	394,019	351,778	24,348,156	27,109,934
Other	271,657	230,990	196,884	118,218	8,574,533	9,392,282
Total By Income Source	20,268,092	5,037,474	2,820,147	2,520,422	163,692,682	194,338,817

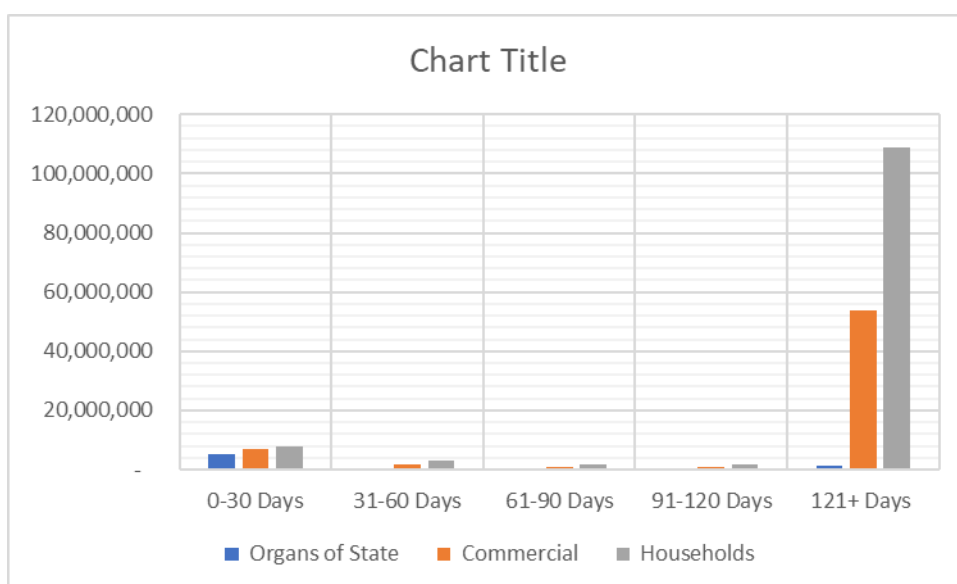
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Organs of State	5,404,064	342,726	133,232	74,040	1,255,159	7,209,221
Commercial	7,092,796	1,596,979	895,683	764,395	53,729,921	64,079,774
Households	7,771,232	3,097,769	1,791,232	1,681,987	108,707,602	123,049,822
Total By Customer Group	20,268,092	5,037,474	2,820,147	2,520,422	163,692,682	194,338,817

CHART 9

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



CREDITORS Age Analysis - Annexure B -Table SC4

The creditor'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 31 July 2019

Description	Budget Year 2019/20					
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121+ Days	Total
Creditors Age Analysis By Customer Type						
Bulk Electricity	23,232,132				75,969,319	99,201,451
Bulk Water	6,799,874	1,899,386	2,849,026	2,911,432	139,104,452	153,564,170
Trade Creditors	83,748	793,753	1,513,193	167,195	2,009,003	4,566,892
Auditor General	-				861,415	861,415
Total By Customer Type	30,115,754	2,693,139	4,362,219	3,078,627	217,944,188	258,193,927

Creditors Analysis

The outstanding creditors moved from R251 657 520 to 258 193 927, this is an increase of R6 536 407

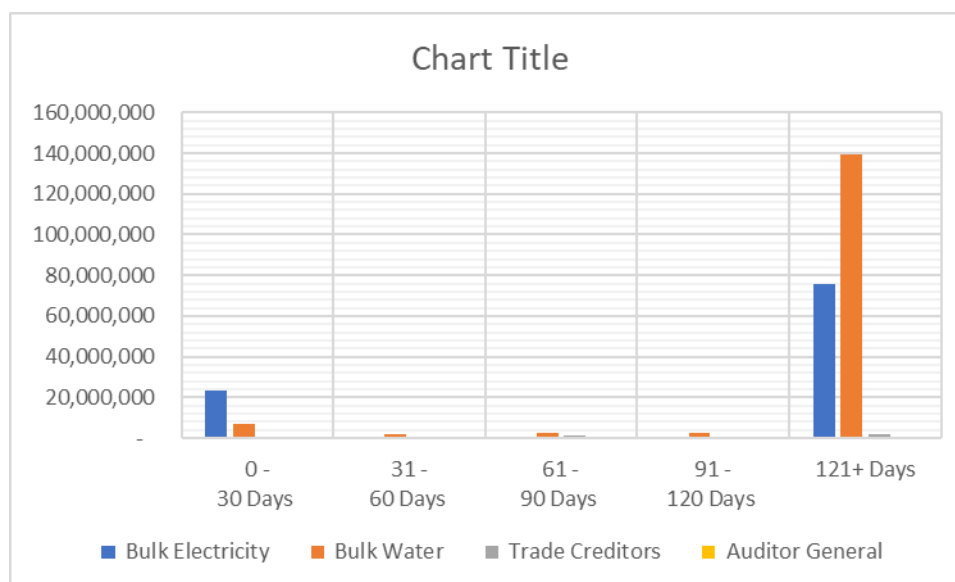


Chart 10

Creditors Age Analysis

The comparison for creditors outstanding between June 2019 and July 2019 is as follows:

Bulk Electricity –July 2019 R99.2 million and June 2019 R95.1 million

Bulk Water –July 2019 R143.6 million and May 2019 R149.3 million

It must be noted that there are outstanding matters relating to both Sedibeng and ESKOM, in Sedibeng case the municipality has been making payments on a monthly basis however the payments made are below the invoices received and summary of Sedibeng will be at the end of the report. In the case of ESKOM had the municipality made payments on a monthly basis but had missed on or two accounts in certain months. It must be noted that the municipality had approach both departments to discussed the gap in money received by the municipality and the invoices received from the departments. It has become a National problem that municipality's are being listed for not paying there electricity and water accounts but the real problems are not listed and it adds to community frustrations and it motivates them not to pay their accounts, Structural changes in tariffs especially in municipality's like Nama Khoi Municipality should be explore.

NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July						
Summary of Employee and Councillor remuneration	Budget Year 2019/20					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	3,751,448	334,092	334,092	312,622	21,470	107
Pension and UIF Contributions	491,340	44,220	44,220	40,945	3,275	108
Medical Aid Contributions	48,397	3,161	3,161	4,033	(872)	78
Cellphone Allowance	740,072	57,800	57,800	61,673	(3,873)	94
Other benefits and allowances	1,367,647	91,963	91,963	113,970	(22,007)	81
Sub Total - Councillors	6,398,904	531,236	531,236	533,243	(2,007)	100
Senior Managers of the Municipality						
Basic Salaries and Wages	4,295,170	272,253	272,253	357,930	(85,677)	76
Pension and UIF Contributions	336,144	28,426	28,426	28,013	413	101
Medical Aid Contributions	126,505	10,542	10,542	10,542	-	100
Motor Vehicle Allowance	456,394	37,377	37,377	38,034	(657)	98
Cellphone Allowance	39,806	3,212	3,212	3,318	(106)	97
Housing Allowances	21,822	1,816	1,816	1,818	(2)	100
Other benefits and allowances	192,425	1,050	1,050	16,035	(14,985)	7
Long service awards	54,318	-	-	4,526	(4,526)	-
Sub Total - Senior Managers of Municipality	5,522,584	354,676	354,676	460,216	(105,540)	77
Other Municipal Staff						
Basic Salaries and Wages	60,420,304	4,792,994	4,792,994	4,961,859	(168,865)	97
Pension and UIF Contributions	8,855,507	731,656	731,656	737,962	(6,306)	99
Medical Aid Contributions	2,593,756	224,870	224,870	216,146	8,724	104
Overtime	6,306,541	603,426	603,426	525,545	77,881	115
Other benefits and allowances	10,149,881	832,613	832,613	845,828	(13,215)	98
Cellphone Allowance	209,624	17,269	17,269	17,471	(202)	99
Payments in lieu of leave	1,299,938	68,581	68,581	108,330	(39,749)	63
Long service awards	264,881	61,626	61,626	22,075	39,551	279
Sub Total - Other Municipal Staff	90,100,432	7,333,035	7,333,035	7,435,216	(102,181)	99
Total Parent Municipality	102,021,920	8,218,947	8,218,947	8,428,675	(209,728)	98
Total Employee Cost	95,623,016	7,687,711	7,687,711	7,895,432		
Total Expenditure	348,292,672	19,822,762	19,822,762	29,460,827		
%Employee Cost to Total Expenditure	27	39	39	27		

MFMA 66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely:

- (a) salaries and wages;
- (b) contributions for pensions and medical aid;
- (c) travel, motor car, accommodation, subsistence and other allowances;
- (d) housing benefits and allowances;
- (e) overtime payments;
- (f) loans and advances; and
- (g) any other type of benefit or allowance related to staff.

Employee related cost to total expenditure % of an organisation should be at 25-40% of total expenditure, the ratio for the month of July 39%.

5. Financial Implications /Recommendations

Revenue by Type:

Nama Khoi Municipality's budget is in a deficit, this is primarily because service departments are not sustainable, to increase tariffs is not a favourable solution as it only adds to the outstanding debt as the Nama Khoi area are plague by unemployment. The municipality must explore system driven solution such as 100% alignment between services billed and services use. Water and electricity services have losses each year and the core reasons must be identified. The sewerage tanks cost must be way-in versus the long-term solution of a sewage line. Cost of secondary services such as Libraries, Sports & Community Halls must be submitted to the relevant departments for assistances.

Expenditure by type:

Cost containment regulations should be adhered to. Expenditures relating to repairs & maintenance must be carefully monitored. Better understanding of departmental budgets is vital as well as departmental meetings. Payment structures of the municipality must change, payments must be structured to be made on certain days and specific days of the month.

Capital Expenditure:

Capital expenditure should be aligned to the approved DORA payment schedule. Department should re-assess on projects to determine if they are still in line for 100% expenditure by the end of the Financial Year. All necessary processes should be fast track in line with all the required legislation and with the guidance of the respective department.

Cash Flow Statement:

Expenditure should be link to the cash flow budget, once cash is less than budget corrections must be done to avoid the municipality running into cash flow problems. Municipality should strive to use cash receive wisely and for the intended purpose as planned. Municipality should strive to spend less cash than it has received to avoid going into a negative cash balance. Revenue/Cash recovery must be structured in a manner that the old outstanding funds received will be used to either settle outstanding creditors or to fund projects that can enhance revenue recovery.

Debtors Analysis

100% billing of correct accounts for all debtors in the Nama Khoi area should be prioritised. Constant debt collecting and implementation of the credit control should be communicated to

the community. Communication with other departments must be prioritised such as COGTA regarding property rates issues and ESKOM regarding electricity issues.

Creditors Analysis

The municipality must adhere to pay monthly creditors on time, old outstanding debt must be prioritised and link to the Financial Recovery Plan. Intervention is needed with regards to outstanding debt of bulk services. Municipality should strive to receive accounts that the can be service on a monthly basis and therefore communication between all relevant parties is vital.

General Note

The municipality should strive to have month end procedures to ensure accurate reporting to the relevant parties.

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

Acting Chief Financial officer

Budget & Treasury

DATE: 07 October 2019

NAMA KHOI MUNICIPALITY QUALITY CERTIFICATE

I,, the 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 31 July 2019 has been prepared in accordance with the Municipal Finance Management Act 71 and regulations made under that Act.

Print name: SAMANTHA TITUS

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 municipalities 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

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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
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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
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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