



**Nama Khoi Municipality**

**14 July 2019**

**The Mayor**

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING  
30 June 2019 (MONTHLY BUDGET STATEMENT) – 2018/2019 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 June 2019, ten working days reporting limit expires on 12 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 30 June 2019**

**This report is based upon financial information, as at 30 June 2019 and available at the time of preparation.**

The financial results for the period ended 30 June 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) - M12 June							
Description	Budget Year 2018/19						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue By Source</b>							
Property rates	49,087,458	49,087,458	122,505	47,470,760	49,087,458	(1,616,698)	97
Service charges - electricity revenue	82,719,739	82,719,739	6,173,228	80,377,187	82,719,739	(2,342,552)	97
Service charges - water revenue	33,053,220	33,053,220	2,535,072	33,888,010	33,053,220	834,790	103
Service charges - sanitation revenue	11,004,875	11,262,010	1,312,279	15,877,521	11,262,010	4,615,511	141
Service charges - refuse revenue	13,531,791	13,533,201	1,653,844	19,840,255	13,533,201	6,307,054	147
Rental of facilities and equipment	1,267,715	1,267,715	357,741	2,347,519	1,267,715	1,079,804	185
Interest earned - external investments	2,183,767	1,240,951	178,680	1,765,201	1,240,951	524,250	142
Interest earned - outstanding debtors	1,902,596	6,983,535	1,004,821	10,598,706	6,983,535	3,615,171	152
Fines, penalties and forfeits	5,281,409	200,470	5,641	63,047	200,470	(137,423)	31
Licences and permits	1,438,199	1,438,199	121,160	1,373,885	1,438,199	(64,314)	96
Agency services	1,156,128	1,156,128	40,644	245,517	1,156,128	(910,611)	21
Transfers and subsidies	47,927,000	47,927,000	-	47,132,000	47,927,000	(795,000)	98
Other revenue	1,082,696	2,071,546	303,718	3,306,620	2,071,546	1,235,074	160
Gains on disposal of PPE	7,000,000	7,000,000	-	-	7,000,000	(7,000,000)	-
<b>Total Revenue (excluding capital transfers and co</b>	<b>258,636,593</b>	<b>258,941,172</b>	<b>13,809,333</b>	<b>264,286,228</b>	<b>258,941,172</b>	<b>5,345,056</b>	<b>102</b>
<b>Expenditure By Type</b>							
Employee related costs	87,600,201	88,795,704	6,876,626	81,348,635	88,795,704	(7,447,069)	92
Remuneration of councillors	5,791,509	5,997,097	499,721	6,334,892	5,997,097	337,795	106
Debt impairment	19,066,479	19,092,335	-	-	19,092,335	(19,092,335)	-
Depreciation & asset impairment	40,787,397	39,705,595	-	-	39,705,595	(39,705,595)	-
Finance charges	7,200,000	2,775,267	-	-	2,775,267	(2,775,267)	-
Bulk purchases	105,347,176	105,347,176	9,864,222	98,523,466	105,347,176	(6,823,710)	94
Other materials	8,584,215	8,389,810	2,175,161	9,174,179	8,389,810	784,369	109
Contracted services	24,029,793	25,844,567	147,143	531,227	25,844,567	(25,313,340)	2
Transfers and subsidies	-	-	-	-	-	-	
Other expenditure	26,552,899	27,798,579	8,262,727	65,719,783	27,798,579	37,921,204	236
<b>Total Expenditure</b>	<b>324,959,669</b>	<b>323,746,130</b>	<b>27,825,600</b>	<b>261,632,182</b>	<b>323,746,130</b>	<b>(62,113,948)</b>	<b>81</b>
<b>Surplus/(Deficit)</b>	<b>(66,323,077)</b>	<b>(64,804,958)</b>	<b>(14,016,267)</b>	<b>2,654,046</b>	<b>(64,804,958)</b>	<b>67,459,004</b>	

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June							
Description	Budget Year 2018/19		Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
	Original Budget	Adjusted Budget					
<b>Revenue By Source</b>							
Property rates	49,087,458	49,087,458	122,505	47,470,760	49,087,458	(1,616,698)	97
Service charges - electricity revenue	82,719,739	82,719,739	6,173,228	80,377,187	82,719,739	(2,342,552)	97
Service charges - water revenue	33,053,220	33,053,220	2,535,072	33,888,010	33,053,220	834,790	103
Service charges - sanitation revenue	11,004,875	11,262,010	1,312,279	15,877,521	11,262,010	4,615,511	141
Service charges - refuse revenue	13,531,791	13,533,201	1,653,844	19,840,255	13,533,201	6,307,054	147
Rental of facilities and equipment	1,267,715	1,267,715	357,741	2,347,519	1,267,715	1,079,804	185
Interest earned - external investments	2,183,767	1,240,951	178,680	1,765,201	1,240,951	524,250	142
Interest earned - outstanding debtors	1,902,596	6,983,535	1,004,821	10,598,706	6,983,535	3,615,171	152
Fines, penalties and forfeits	5,281,409	200,470	5,641	63,047	200,470	(137,423)	31
Licences and permits	1,438,199	1,438,199	121,160	1,373,885	1,438,199	(64,314)	96
Agency services	1,156,128	1,156,128	40,644	245,517	1,156,128	(910,611)	21
Transfers and subsidies	47,927,000	47,927,000	-	47,132,000	47,927,000	(795,000)	98
Other revenue	1,082,696	2,071,546	303,718	3,306,620	2,071,546	1,235,074	160
Gains on disposal of PPE	7,000,000	7,000,000	-	-	7,000,000	(7,000,000)	-
<b>Total Revenue (excluding capital transfers and capital grants)</b>	<b>258,636,593</b>	<b>258,941,172</b>	<b>13,809,333</b>	<b>264,286,228</b>	<b>258,941,172</b>	<b>5,345,056</b>	<b>102</b>

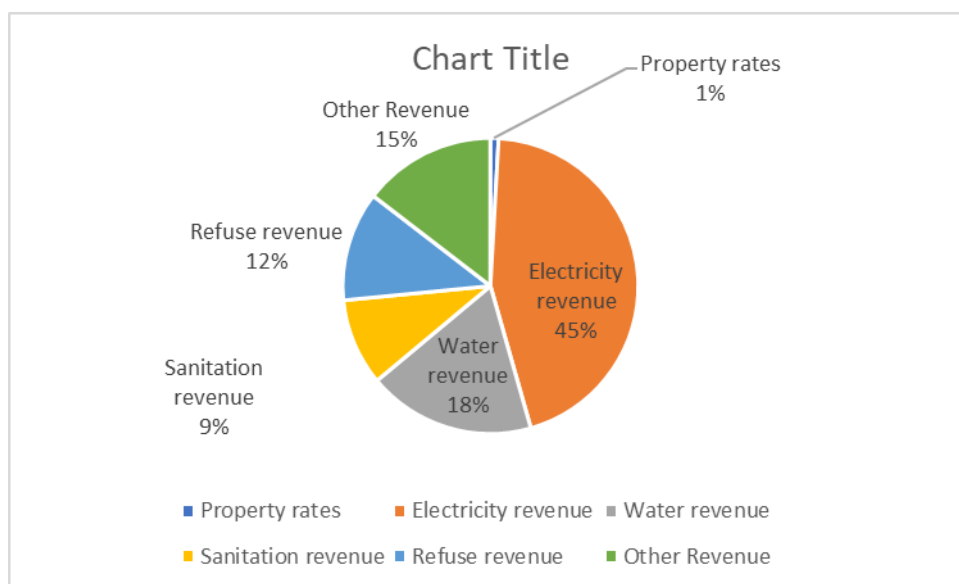
**Explanation on YTD variance % - e.g. 101% means that the municipality billed 1% more than what was budget and 97 means the municipality billed 3% less than what was budgeted.**

**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 30 June 2019 in terms of revenue as a percentage of total revenue.**



Expenditure By Type	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Employee related costs	87,600,201	88,795,704	6,876,626	81,348,635	88,795,704	(7,447,069)	92
Remuneration of councillors	5,791,509	5,997,097	499,721	6,334,892	5,997,097	337,795	106
Debt impairment	19,066,479	19,092,335	-	-	19,092,335	(19,092,335)	-
Depreciation & asset impairment	40,787,397	39,705,595	-	-	39,705,595	(39,705,595)	-
Finance charges	7,200,000	2,775,267	-	-	2,775,267	(2,775,267)	-
Bulk purchases	105,347,176	105,347,176	9,864,222	98,523,466	105,347,176	(6,823,710)	94
Other materials	8,584,215	8,389,810	2,175,161	9,174,179	8,389,810	784,369	109
Contracted services	24,029,793	25,844,567	147,143	531,227	25,844,567	(25,313,340)	2
Transfers and subsidies	-	-	-	-	-	-	-
Other expenditure	26,552,899	27,798,579	8,262,727	65,719,783	27,798,579	37,921,204	236
<b>Total Expenditure</b>	<b>324,959,669</b>	<b>323,746,130</b>	<b>27,825,600</b>	<b>261,632,182</b>	<b>323,746,130</b>	<b>(62,113,948)</b>	<b>81</b>

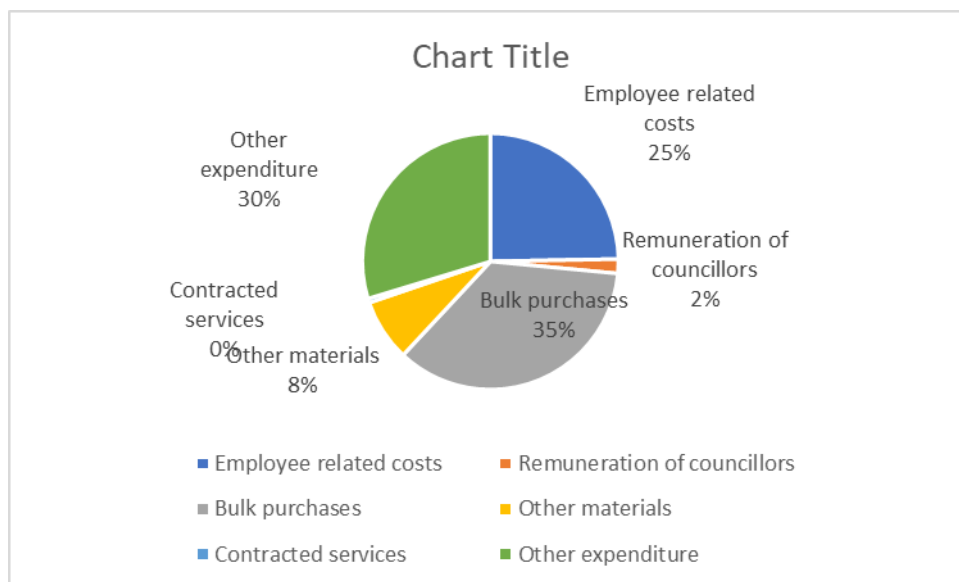
### Notes on variances above/under 10%

**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.

**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) - M12 June							
Vote Description	Budget Year 2018/19						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue by Vote</b>							
Vote 1 - Municipal Manager	1,675,563	1,675,563	60,768	1,502,691	1,675,563	(172,872)	89.68
Vote 2 - Financial Services	103,566,698	103,591,286	1,317,870	106,085,607	103,591,286	2,494,321	102.41
Vote 3 - Corporate Services	7,977,426	7,219,474	338,619	2,078,956	7,219,474	(5,140,518)	28.80
Vote 4 - Community Services: Community Development	16,103,446	16,158,263	1,760,647	22,102,937	16,158,263	5,944,674	136.79
Vote 5 - Community Services: Public Safety	2,482,378	2,482,378	166,102	1,548,586	2,482,378	(933,792)	62.38
Vote 6 - Electrical Engineering Services	86,772,987	87,363,200	6,223,369	80,939,676	87,363,200	(6,423,524)	92.65
Vote 7 - Infrastructure, Engineering & Technical Services	63,442,096	78,640,010	3,941,958	50,822,775	78,640,010	(27,817,235)	64.63
<b>Total Revenue by Vote</b>	<b>282,020,593</b>	<b>297,130,172</b>	<b>13,809,333</b>	<b>265,081,228</b>	<b>297,130,172</b>	<b>(32,048,944)</b>	<b>89.21</b>
<b>Expenditure by Vote</b>							
Vote 1 - Municipal Manager	19,095,365	21,612,098	2,644,256	21,476,921	21,612,098	(135,177)	99.37
Vote 2 - Financial Services	51,857,443	46,794,459	3,166,127	31,141,186	46,794,459	(15,653,273)	66.55
Vote 3 - Corporate Services	33,342,669	33,454,657	3,036,269	25,633,784	33,454,657	(7,820,873)	76.62
Vote 4 - Community Services: Community Development	23,351,214	23,602,942	2,328,494	22,344,757	23,602,942	(1,258,185)	94.67
Vote 5 - Community Services: Public Safety	8,644,322	9,108,559	896,431	8,382,526	9,108,559	(726,033)	92.03
Vote 6 - Electrical Engineering Services	98,428,250	98,332,536	8,451,929	71,756,327	98,332,536	(26,576,209)	72.97
Vote 7 - Infrastructure, Engineering & Technical Services	90,240,406	90,840,878	7,302,094	80,896,681	90,840,878	(9,944,197)	89.05
<b>Total Expenditure by Vote</b>	<b>324,959,669</b>	<b>323,746,130</b>	<b>27,825,600</b>	<b>261,632,182</b>	<b>323,746,130</b>	<b>(62,113,948)</b>	<b>80.81</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(42,939,077)</b>	<b>(26,615,958)</b>	<b>(14,016,267)</b>	<b>3,449,046</b>	<b>(26,615,958)</b>	<b>30,065,004</b>	

	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue by Vote</b>							
Vote 1 - Municipal Manager	1,675,563	1,675,563	60,768	1,502,691	1,675,563	(172,872)	89.68
Vote 2 - Financial Services	103,566,698	103,591,286	1,317,870	106,085,607	103,591,286	2,494,321	102.41
Vote 3 - Corporate Services	7,977,426	7,219,474	338,619	2,078,956	7,219,474	(5,140,518)	28.80
Vote 4 - Community Services: Community Development	16,103,446	16,158,263	1,760,647	22,102,937	16,158,263	5,944,674	136.79
Vote 5 - Community Services: Public Safety	2,482,378	2,482,378	166,102	1,548,586	2,482,378	(933,792)	62.38
Vote 6 - Electrical Engineering Services	86,772,987	87,363,200	6,223,369	80,939,676	87,363,200	(6,423,524)	92.65
Vote 7 - Infrastructure, Engineering & Technical Services	63,442,096	78,640,010	3,941,958	50,822,775	78,640,010	(27,817,235)	64.63
<b>Total Revenue by Vote</b>	<b>282,020,593</b>	<b>297,130,172</b>	<b>13,809,333</b>	<b>265,081,228</b>	<b>297,130,172</b>	<b>(32,048,944)</b>	<b>89.21</b>

### Reasons for variances above/under 10%

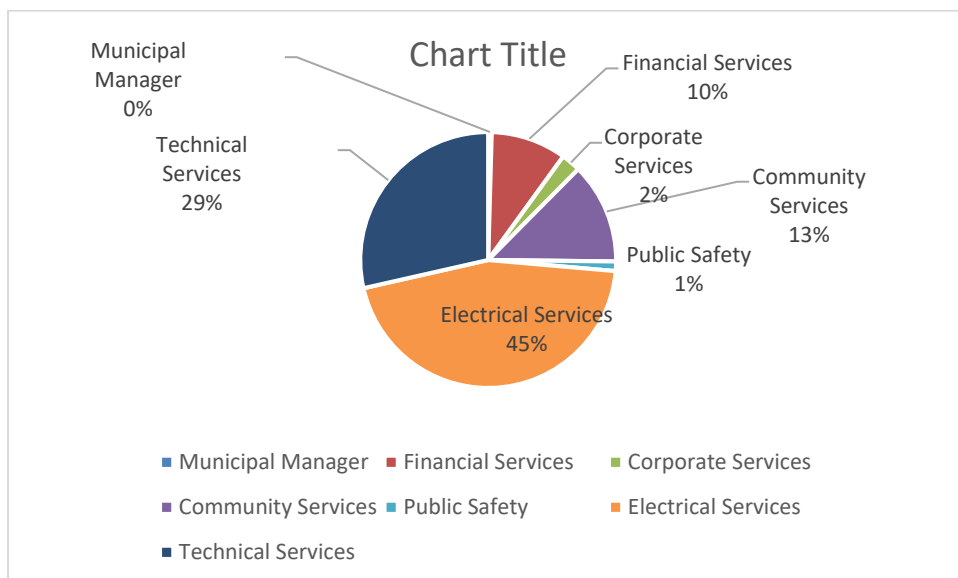
**Corporate Services** – Rental of facilities lower than the intended budget. Sale of land and stands did not occur as budgeted.

**Public Safety** - Revenue from License fees moved to the Post office.

**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 30 June 2019



Expenditure by Vote	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Vote 1 - Municipal Manager	19,095,365	21,612,098	2,644,256	21,476,921	21,612,098	(135,177)	99.37
Vote 2 - Financial Services	51,857,443	46,794,459	3,166,127	31,141,186	46,794,459	(15,653,273)	66.55
Vote 3 - Corporate Services	33,342,669	33,454,657	3,036,269	25,633,784	33,454,657	(7,820,873)	76.62
Vote 4 - Community Services: Community Development	23,351,214	23,602,942	2,328,494	22,344,757	23,602,942	(1,258,185)	94.67
Vote 5 - Community Services: Public Safety	8,644,322	9,108,559	896,431	8,382,526	9,108,559	(726,033)	92.03
Vote 6 - Electrical Engineering Services	98,428,250	98,332,536	8,451,929	71,756,327	98,332,536	(26,576,209)	72.97
Vote 7 - Infrastructure, Engineering & Technical Services	90,240,406	90,840,878	7,302,094	80,896,681	90,840,878	(9,944,197)	89.05
<b>Total Expenditure by Vote</b>	<b>324,959,669</b>	<b>323,746,130</b>	<b>27,825,600</b>	<b>261,632,182</b>	<b>323,746,130</b>	<b>(62,113,948)</b>	<b>80.81</b>

#### 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.

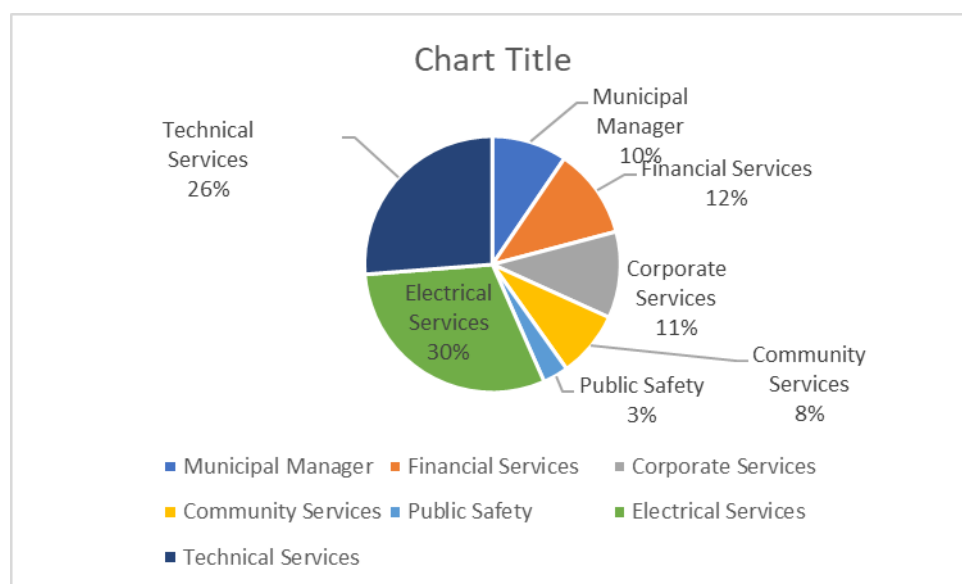
**Community Development** - Depreciation are not process on a monthly basis as budgeted.

**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 30 June 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 30 June 2019							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Capital Expenditure - Functional Classification</b>							
Executive and council		13,109,614	-	-	13,109,614	(13,109,614)	-
Finance and administration		1,739,574	94,652	158,054	1,739,574	(1,581,520)	9
Community and social services		595,000	46,780	46,780	595,000	(548,220)	8
Road transport	3,902,000	3,922,000	384,159	2,733,915	3,922,000	(1,188,085)	70
Energy sources	4,000,000	4,000,000	930,577	5,342,343	4,000,000	1,342,343	134
Water management	7,250,000	16,580,000	5,427,548	14,088,851	16,580,000	(2,491,149)	85
Waste water management	8,232,000	13,232,000	1,373,059	4,588,547	13,232,000	(8,643,453)	35
<b>Total Capital Expenditure - Functional Classification</b>	<b>23,384,000</b>	<b>53,178,188</b>	<b>8,256,774</b>	<b>26,958,490</b>	<b>53,178,188</b>	<b>(26,219,698)</b>	<b>51</b>
<b>Funded by:</b>							
National Government	23,384,000	37,714,000	8,115,342	26,753,656	37,734,000	(10,980,344)	71
Provincial Government		475,000	-	-	475,000	(475,000)	-
Borrowing		13,989,188	-	-	13,109,614	(13,109,614)	-
Internally generated funds		1,000,000	141,432	204,834	1,859,574	(1,654,740)	11
<b>Total Capital Funding</b>	<b>23,384,000</b>	<b>53,178,188</b>	<b>8,256,774</b>	<b>26,958,490</b>	<b>53,178,188</b>	<b>(26,219,698)</b>	<b>51</b>

### Notes on the Capital Expenditure

Please note all rollover grants have been added to the Capital Budget.

Vehicles have been received by the municipality and expenditure will commence going forward.

Office equipment can also be purchase as it was approve by Council in the adjustment budget.

Expenditures relating to Drought Relief needs to be fast track to ensure expenditure can commence as budgeted.

# CASH FLOW STATEMENT AT 30 June 2019

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M12 June							
Description	Budget Year 2018/19						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Property rates	44,178,712	44,178,712	3,262,475	44,033,607	44,178,712	(145,105)	100
Service charges	126,464,719	134,661,687	11,451,688	128,038,110	134,661,687	(6,623,577)	95
Other revenue	10,101,057	4,866,343	12,295,053	35,209,223	4,866,343	30,342,880	724
Government - operating	47,927,000	47,927,000	-	56,803,700	47,927,000	8,876,700	119
Government - capital	23,384,000	38,189,000	-	30,285,000	38,189,000	(7,904,000)	79
Interest	3,898,627	1,240,951	-	5,036,631	1,240,951	3,795,680	406
<b>Payments</b>							
Suppliers and employees	(232,084,412)	(218,652,755)	(17,098,796)	(263,813,825)	(218,652,755)	45,161,070	121
<b>NET CASH FROM/(USED) OPERATING ACT</b>	<b>23,869,703</b>	<b>52,410,938</b>	<b>9,910,420</b>	<b>35,592,446</b>	<b>52,410,938</b>	<b>16,818,492</b>	<b>68</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	7,000,000	7,000,000	-	-	7,000,000	(7,000,000)	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-
Decrease (increase) other non-current rece	(1,038,554)	-	-	-	-	-	-
Decrease (increase) in non-current investm	-	-	-	-	-	-	-
<b>Payments</b>							
Capital assets	(23,384,000)	(53,178,188)	(9,548,544)	(28,447,287)	(53,178,188)	(24,730,901)	53
<b>NET CASH FROM/(USED) INVESTING ACT</b>	<b>(17,422,554)</b>	<b>(46,178,188)</b>	<b>(9,548,544)</b>	<b>(28,447,287)</b>	<b>(46,178,188)</b>	<b>(17,730,901)</b>	<b>62</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Short term loans	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	5,088	37,698	-	-	37,698	(37,698)	-
<b>Payments</b>							
Repayment of borrowing	(244,426)	(4,363,556)	-	-	(4,363,556)	(4,363,556)	-
<b>NET CASH FROM/(USED) FINANCING ACT</b>	<b>(239,338)</b>	<b>(4,325,859)</b>	<b>-</b>	<b>-</b>	<b>(4,325,859)</b>	<b>(4,325,859)</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HEL</b>	<b>6,207,811</b>	<b>1,906,892</b>	<b>361,876</b>	<b>7,145,160</b>	<b>1,906,892</b>		
Cash/cash equivalents at beginning:	10,707,985	10,707,985		1,115,373	10,707,985		
Cash/cash equivalents at month/year end:	16,915,796	12,614,877		8,260,532	12,614,877		

## 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 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
<b>Debtors Age Analysis By Income Source</b>						
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
<b>Total By Income Source</b>	<b>10,605,919</b>	<b>5,706,054</b>	<b>2,875,030</b>	<b>2,453,384</b>	<b>162,632,853</b>	<b>184,273,240</b>
<b>Debtors Age Analysis By Customer Group</b>						
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
<b>Total By Customer Group</b>	<b>10,605,919</b>	<b>5,706,054</b>	<b>2,875,030</b>	<b>2,453,384</b>	<b>162,632,853</b>	<b>184,273,240</b>

## Debtors Age Analysis 31 May 2019

Debtors Age Analysis 31 May 2019						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ days	Total
<b>Debtors Age Analysis By Income Source</b>						
Water	1,788,969	1,649,783	857,680	767,534	40,354,432	45,418,398
Electricity	4,022,960	1,105,143	528,226	473,387	44,155,076	50,284,792
Property Rates	2,663,741	1,267,892	663,152	624,207	32,394,231	37,613,223
Waste Water Management	906,808	443,134	233,611	199,294	10,891,698	12,674,545
Waste Management	1,223,831	650,442	402,968	357,012	23,562,839	26,197,092
<b>Total By Income Source</b>	<b>10,745,033</b>	<b>5,300,941</b>	<b>2,834,652</b>	<b>2,542,120</b>	<b>159,928,848</b>	<b>181,351,594</b>
<b>Debtors Age Analysis By Customer Group</b>						
Organs of State	631,083	254,581	149,947	100,162	1,185,345	2,321,118
Commercial	4,042,061	1,681,371	909,809	826,238	52,715,282	60,174,761
Households	6,071,889	3,364,989	1,774,896	1,615,720	106,028,221	118,855,715
<b>Total By Customer Group</b>	<b>10,745,033</b>	<b>5,300,941</b>	<b>2,834,652</b>	<b>2,542,120</b>	<b>159,928,848</b>	<b>181,351,594</b>

The total debtors outstanding at 31 May were R181 351 594, the total debtors outstanding at 30 June 2019 were R184 273 240.

Debtors outstanding for a period more than 121+ days amounts to R162 632 853 compared to R159 928 848 in the previous month.

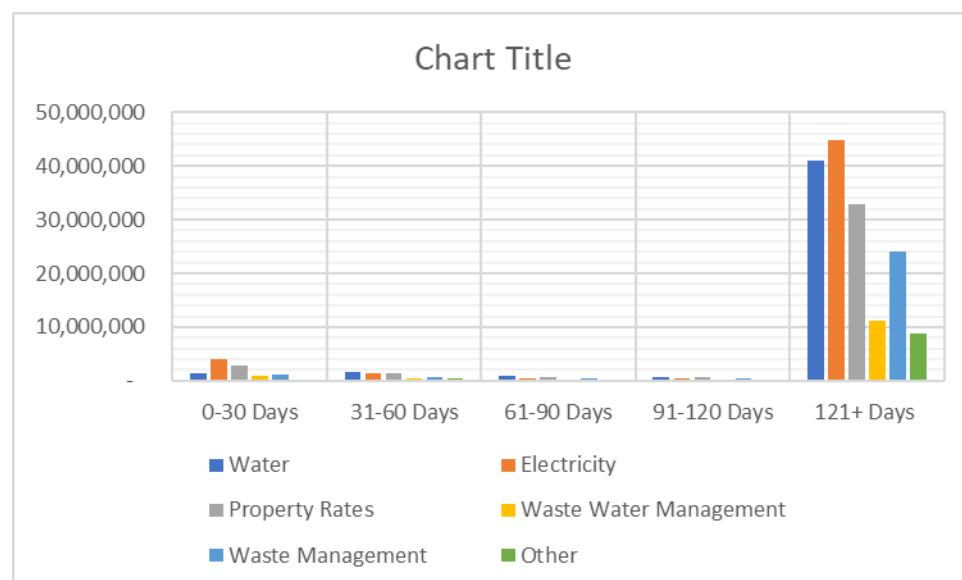
Businesses owe the municipality R61 334 314 compared to R60 174 761 the previous month.

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 By Income Source	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
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
<b>Total By Income Source</b>	<b>10,605,919</b>	<b>5,706,054</b>	<b>2,875,030</b>	<b>2,453,384</b>	<b>162,632,853</b>	<b>184,273,240</b>

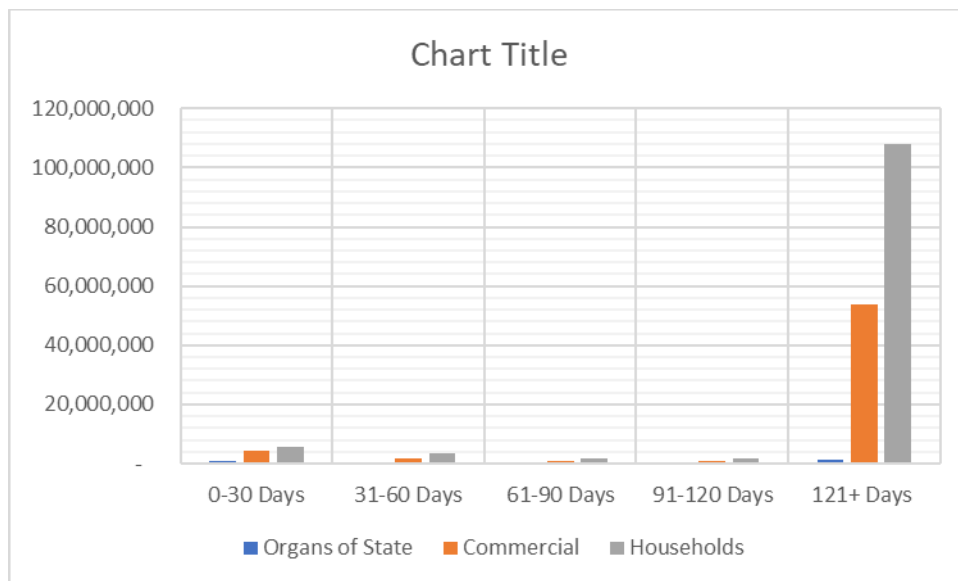
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Organs of State	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
<b>Total By Customer Group</b>	<b>10,605,919</b>	<b>5,706,054</b>	<b>2,875,030</b>	<b>2,453,384</b>	<b>162,632,853</b>	<b>184,273,240</b>

## 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 30 June 2019

Creditors Age Analysis 30 June 2019						
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
<b>Creditors Age Analysis By Customer Type</b>						
Bulk Electricity	15,260,409	2,868,324	3,475,839	-	73,681,870	95,286,442
Bulk Water	7,248,412	2,911,432	2,789,023	2,287,079	134,028,350	149,264,296
Trade Creditors		2,053,274	583,564	979,383	1,629,146	5,245,367
Auditor General					1,681,415	1,861,415
<b>Total By Customer Type</b>	<b>22,508,821</b>	<b>7,833,030</b>	<b>6,848,426</b>	<b>3,266,462</b>	<b>211,020,781</b>	<b>251,657,520</b>

## Creditors Analysis

The outstanding creditors moved from R238 630 573 to , this is an increase of R6 250 447

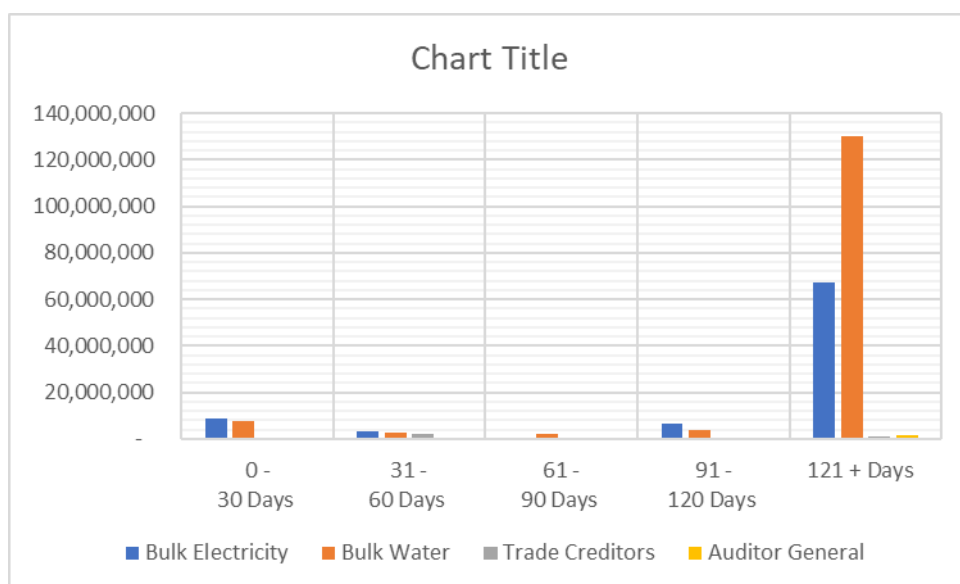


Chart 10

## Creditors Age Analysis

The comparison for creditors outstanding between April 2019 and May 2019 is as follows:

Bulk Electricity –April 2019 R83.7 million and May 2019 R86.1 million

Bulk Water –April 2019 R144.0 million and May 2019 R146.8 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 - M12 June							
Summary of Employee and Councillor remuneration	Budget Year 2018/19						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Councillors (Political Office Bearers plus Other)</b>							
Basic Salaries and Wages	3,433,829	3,515,883	303,350	3,592,051	3,515,883	76,168	102
Pension and UIF Contributions	373,864	460,488	28,014	380,222	460,488	(80,266)	83
Medical Aid Contributions	20,984	45,358	3,161	36,454	45,358	(8,905)	80
Motor Vehicle Allowance	1,269,231	1,281,768	77,097	1,226,351	1,281,768	(55,417)	96
Cellphone Allowance	693,600	693,600	57,800	691,787	693,600	(1,813)	100
Housing Allowances	-	-	30,196	60,393	-	60,393	
<b>Sub Total - Councillors</b>	<b>5,791,509</b>	<b>5,997,097</b>	<b>499,619</b>	<b>5,987,257</b>	<b>5,997,097</b>	<b>(9,840)</b>	<b>100</b>
<b>Senior Managers of the Municipality</b>							
Basic Salaries and Wages	2,880,491	4,025,465	266,148	3,148,786	4,025,465	(876,679)	78
Pension and UIF Contributions	527,412	315,036	33,743	402,186	315,036	87,150	128
Medical Aid Contributions	52,390	118,562	15,795	177,589	118,562	59,027	150
Motor Vehicle Allowance	689,613	427,736	48,280	579,361	427,736	151,625	135
Cellphone Allowance	41,145	37,306	6,095	88,897	37,306	51,591	238
Housing Allowances	30,370	20,452	2,557	30,685	20,452	10,233	150
Other benefits and allowances	251,702	180,343	198,460	850,167	180,343	669,824	471
Long service awards	36,385	50,907	-	36,763	50,907	(14,144)	72
<b>Sub Total - Senior Managers of Municipality</b>	<b>4,509,509</b>	<b>5,175,807</b>	<b>571,078</b>	<b>5,314,436</b>	<b>5,175,807</b>	<b>138,629</b>	<b>103</b>
<b>Other Municipal Staff</b>							
Basic Salaries and Wages	55,637,602	55,803,470	4,346,945	50,908,052	55,803,470	(4,895,419)	91
Pension and UIF Contributions	9,863,901	8,299,447	647,412	7,886,030	8,299,447	(413,417)	95
Medical Aid Contributions	2,418,495	2,430,886	179,301	2,075,263	2,430,886	(355,623)	85
Overtime	3,701,850	4,175,354	339,856	4,210,843	4,175,354	35,489	101
Performance Bonus	-	4,491,920	-	-	4,491,920	(4,491,920)	-
Motor Vehicle Allowance	3,370,607	-	226,419	2,708,773	-	2,708,773	
Cellphone Allowance	148,221	196,460	12,080	124,339	196,460	(72,121)	63
Housing Allowances	1,110,200	3,882,636	83,532	1,026,433	3,882,636	(2,856,203)	26
Other benefits and allowances	6,606,393	2,873,165	621,700	8,217,106	2,873,165	5,343,941	286
Payments in lieu of leave	-	1,218,310	-	-	1,218,310	(1,218,310)	-
Long service awards	233,425	248,248	7,812	231,312	248,248	(16,936)	93
Post-retirement benefit obligations	-	-	-	13,259	-	13,259	
<b>Sub Total - Other Municipal Staff</b>	<b>83,090,692</b>	<b>83,619,897</b>	<b>6,465,058</b>	<b>77,401,411</b>	<b>83,619,897</b>	<b>(6,218,487)</b>	<b>93</b>
<b>Total Parent Municipality</b>	<b>93,391,710</b>	<b>94,792,801</b>	<b>7,535,755</b>	<b>88,703,103</b>	<b>94,792,801</b>	<b>(6,089,698)</b>	<b>94</b>
<b>Total Employee Related Cost</b>	<b>87,600,201</b>	<b>88,795,704</b>	<b>7,036,136</b>	<b>82,715,846</b>	<b>88,795,704</b>		
<b>Total Expenditure</b>	<b>324,959,669</b>	<b>323,746,130</b>	<b>27,825,600</b>	<b>261,632,182</b>	<b>323,746,130</b>		
<b>% Employee Related Cost</b>	<b>27</b>	<b>27</b>	<b>25</b>	<b>32</b>	<b>27</b>		

**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 June 25%.



## **5. Financial Implications /Recommendations**

### **Expenditure by type:**

Circular 82 should be enforced. Expenditure should be as per the monthly planned schedules. Monthly monitoring of expenditure within departments must be done by HOD's. Department should do the necessary assessment on all expenditure items, assessment will give an indication which expenditure should be adjusted upwards or downwards, the assessment can also give rise to a possible adjustment budget.

### **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.

### **Debtors Analysis**

Simplified revenue plan from Ducharme Consulting was adopted by the Municipality and presented to Council. This plan consists of several activities which includes debt recovery. The process of debt recovery will enable the municipality to verify all debtors, after which collecting of outstanding debt can be prioritised.

### **Creditors Analysis**

The municipality have submitted proposed amended arrangements to ESKOM and Sedibeng. The amended arrangements will enable the municipality to make lesser payments and will ensure that interest is not incurred.

### **General Note**

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

## **Matters that had an impact on the municipality ability to pay creditors**

### **Traffic Department**

During the financial years 2016-17 and 2017-18 the revenue received from agency fees amounted to R1 325 906 and R1 105 163 respectively, whereas the revenue received for the received for the current year amounts to only R235 983 that is as result of the Post Office taking over the motor vehicle registration. The municipal expenditure budget on traffic amounted to R4 699 173 that is excluding stationery. The municipality currently have an outstanding amount with the department, the Municipal Manager have tried to arrange a meeting to discussed the municipality concerns to no avail. The municipality have been trying to get up to date with the current weekly payments and had payments weekly to the Department. It must be noted that the Department Financial Section did visit the municipality but only to offer an arrangement on the outstanding debt and would did not entertain and other issues, as the Municipal Manager was not in that particular meeting she did not sign the agreement as the municipality's concern was not entertained.

### **Libraries**

The municipality had billed an amount of R827 079 including the grant received from the Department for facilities as indicated above however the expenditure incurred by the municipality amounted to R3 105 014 excluding repairs & maintenance to the building, the municipality ability to deliver basic services has been hampered as the municipality must attend to issues relating to these services.

### **Sports and Public Areas**

The municipality had billed an amount of R68 962 for revenue to be receive for facilities as indicated above however the expenditure incurred by the municipality amounted to R1 969 208, the municipality ability to deliver basic services has been hampered as the municipality must attend to issues relating to these services.

### **Monthly Billing to Consumers/Payments/Bill from Sedibeng**

The municipality billed an amount of R31. 3 million for the period July 2018 to May 2019 and collected R28.4 million amounting to a 90% collection rate

### **Illustration of the cost involve relating to Water Services**

The expenditure incurred for the period July to May 2019 excluding vehicle cost amounted to R54.8 million this means there is a R23,5 million deficit for the period. The above illustration is the exact reason why the municipality cannot pay its Sedibeng account.

<b>44,032,759</b>		<b>Invoices from Sedibeng</b>
<b>5,272,068</b>		<b>Salaries</b>
<b>471,973</b>		<b>Repair and Maintenance</b>
<b>465,228</b>		<b>General Expenditure</b>
<b>4,571,010</b>		<b>Free Basic Services</b>
<b>54,813,038</b>		<b>Expenditure excluding vehicle cost</b>

## **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: 14 July 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 30 June 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: 15 July 2019

## **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
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Table SC3	Monthly Budget Statement – Aged debtors
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Table S5	Monthly Budget Statement – Investment portfolio
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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
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Table SC d	Consolidated Monthly Budget Statement – depreciation by asset class
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