



**Nama Khoi Municipality**

**14 September 2020**

**The Mayor**

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING  
31 August 2020 (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 ended 31 August 2020.

**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 August 2020**

**This report is based upon financial information, as at 31 August 2020 and available at the time of preparation.**

The financial results for the period ended 31 August 2020 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) - M02 August							
Description	2019/20	Budget Year 2020/21					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue By Source</b>							
Property rates	51,321,994	43,233,960	(65,706)	50,980,165	7,205,662	43,774,503	708
Service charges - electricity revenue	85,160,176	100,055,713	7,626,143	15,369,367	16,675,952	(1,306,585)	92
Service charges - water revenue	31,393,816	39,061,978	2,426,763	4,793,479	6,510,328	(1,716,849)	74
Service charges - sanitation revenue	11,530,545	12,711,912	996,752	1,955,664	2,118,648	(162,984)	92
Service charges - refuse revenue	13,532,634	15,303,808	1,145,871	2,286,500	2,550,634	(264,134)	90
Rental of facilities and equipment	3,300,097	1,403,880	38,662	322,288	233,988	88,300	138
Interest earned - external investments	1,170,763	1,374,605	163,538	257,216	229,102	28,114	112
Interest earned - outstanding debtors	11,853,864	7,735,662	862,022	1,729,198	1,289,278	439,920	134
Fines, penalties and forfeits	140,067	223,033	-	-	37,172	(37,172)	-
Licences and permits	1,125,418	1,525,292	96,343	302,273	254,216	48,057	119
Agency services	14,706	1,280,643	-	-	213,440	(213,440)	-
Transfers and subsidies	52,662,544	58,663,696	268,000	23,317,000	9,777,284	13,539,716	238
Other revenue	1,829,090	2,239,165	132,213	298,298	373,196	(74,898)	80
<b>Total Revenue (excluding capital trans</b>	<b>265,035,714</b>	<b>284,813,347</b>	<b>13,690,601</b>	<b>101,611,448</b>	<b>47,468,900</b>	<b>54,142,548</b>	<b>214</b>
<b>Expenditure By Type</b>							
Employee related costs	94,171,557	99,403,274	7,879,975	15,731,650	16,567,236	(835,586)	95
Remuneration of councillors	6,210,381	6,954,328	549,103	1,098,311	1,159,058	(60,747)	95
Debt impairment	41,138,757	20,483,238	-	-	3,413,874	(3,413,874)	-
Depreciation & asset impairment	-	37,802,754	-	-	6,300,458	(6,300,458)	-
Finance charges	13,005,548	312,817	182,731	500,720	52,136	448,584	960
Bulk purchases	92,949,934	108,146,838	10,384,723	24,742,562	18,024,474	6,718,088	137
Other materials	5,178,813	7,750,104	520,050	523,868	1,291,690	(767,822)	41
Contracted services	14,650,039	26,647,028	1,571,460	2,073,845	4,441,198	(2,367,353)	47
Other expenditure	21,879,529	26,521,220	1,642,547	2,757,041	4,420,208	(1,663,167)	62
Losses	1,885	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>289,186,443</b>	<b>334,021,601</b>	<b>22,730,589</b>	<b>47,427,997</b>	<b>55,670,332</b>	<b>(8,242,335)</b>	<b>85</b>
<b>Surplus/(Deficit)</b>	<b>(24,150,729)</b>	<b>(49,208,254)</b>	<b>(9,039,988)</b>	<b>54,183,451</b>	<b>(8,201,432)</b>	<b>62,384,883</b>	

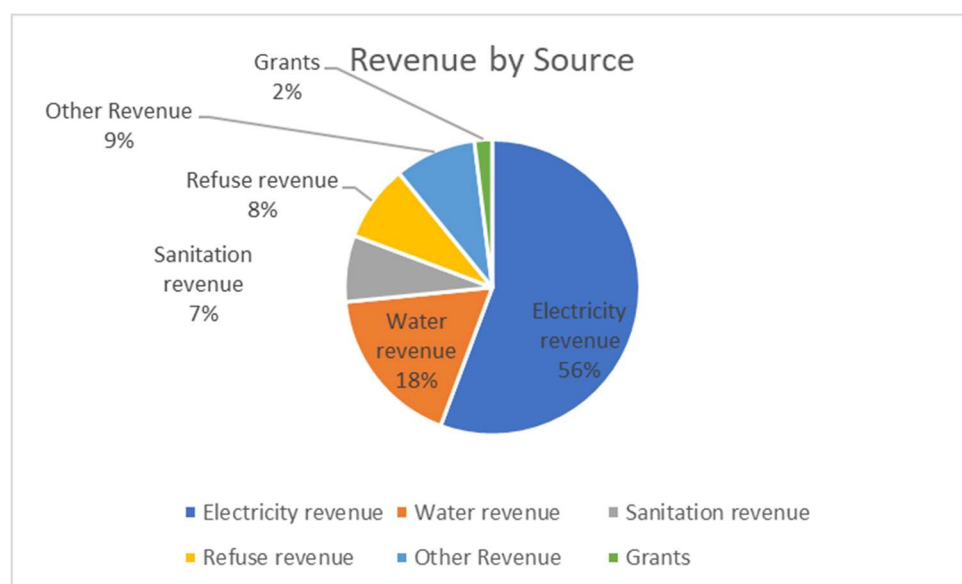
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue By Source</b>							
Property rates	51,321,994	43,233,960	(65,706)	50,980,165	7,205,662	43,774,503	708
Service charges - electricity revenue	85,160,176	100,055,713	7,626,143	15,369,367	16,675,952	(1,306,585)	92
Service charges - water revenue	31,393,816	39,061,978	2,426,763	4,793,479	6,510,328	(1,716,849)	74
Service charges - sanitation revenue	11,530,545	12,711,912	996,752	1,955,664	2,118,648	(162,984)	92
Service charges - refuse revenue	13,532,634	15,303,808	1,145,871	2,286,500	2,550,634	(264,134)	90
Rental of facilities and equipment	3,300,097	1,403,880	38,662	322,288	233,988	88,300	138
Interest earned - external investments	1,170,763	1,374,605	163,538	257,216	229,102	28,114	112
Interest earned - outstanding debtors	11,853,864	7,735,662	862,022	1,729,198	1,289,278	439,920	134
Fines, penalties and forfeits	140,067	223,033	-	-	37,172	(37,172)	-
Licences and permits	1,125,418	1,525,292	96,343	302,273	254,216	48,057	119
Agency services	14,706	1,280,643	-	-	213,440	(213,440)	-
Transfers and subsidies	52,662,544	58,663,696	268,000	23,317,000	9,777,284	13,539,716	238
Other revenue	1,829,090	2,239,165	132,213	298,298	373,196	(74,898)	80
<b>Total Revenue (excluding capital trans</b>	<b>265,035,714</b>	<b>284,813,347</b>	<b>13,690,601</b>	<b>101,611,448</b>	<b>47,468,900</b>	<b>54,142,548</b>	<b>214</b>

**Explanation on YTD variance % - e.g. 160% means that the municipality billed 60% more than what was budget and 92% means the municipality billed 8% less than what was budgeted.**

Variances to be discussed in Institutional and Finance Committee

#### CHART 1

**The following chart shows the revenue by source for the month of 31 August 2020 in terms of revenue as a percentage of total revenue.**



Expenditure By Type	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Employee related costs	94,171,557	99,403,274	7,879,975	15,731,650	16,567,236	(835,586)	95
Remuneration of councillors	6,210,381	6,954,328	549,103	1,098,311	1,159,058	(60,747)	95
Debt impairment	41,138,757	20,483,238	-	-	3,413,874	(3,413,874)	-
Depreciation & asset impairment	-	37,802,754	-	-	6,300,458	(6,300,458)	-
Finance charges	13,005,548	312,817	182,731	500,720	52,136	448,584	960
Bulk purchases	92,949,934	108,146,838	10,384,723	24,742,562	18,024,474	6,718,088	137
Other materials	5,178,813	7,750,104	520,050	523,868	1,291,690	(767,822)	41
Contracted services	14,650,039	26,647,028	1,571,460	2,073,845	4,441,198	(2,367,353)	47
Other expenditure	21,879,529	26,521,220	1,642,547	2,757,041	4,420,208	(1,663,167)	62
Losses	1,885	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>289,186,443</b>	<b>334,021,601</b>	<b>22,730,589</b>	<b>47,427,997</b>	<b>55,670,332</b>	<b>(8,242,335)</b>	<b>85</b>

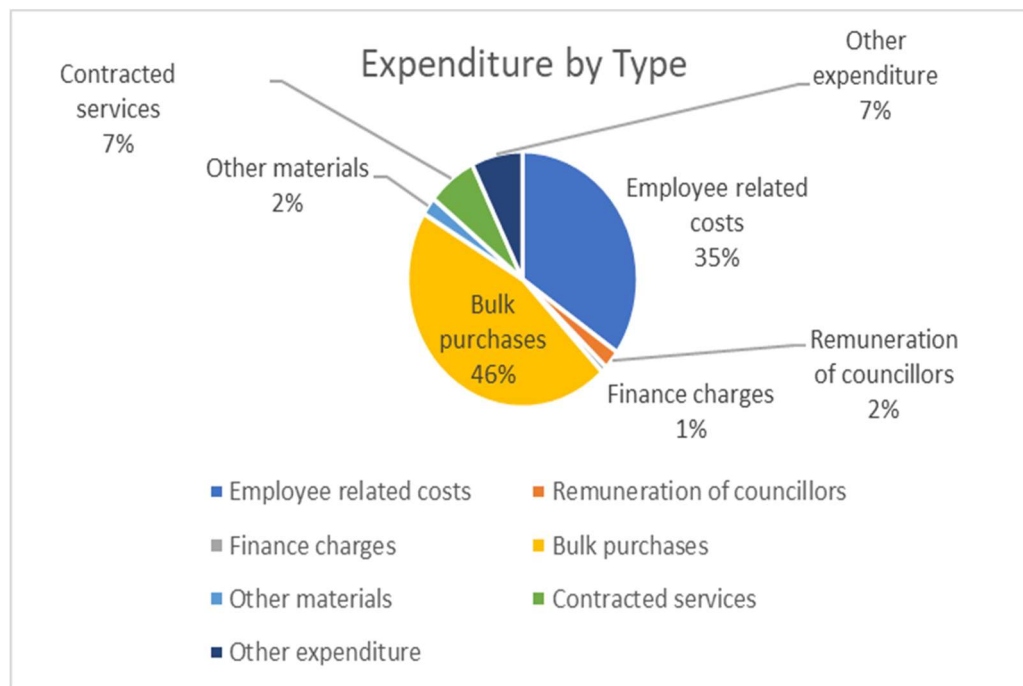
### Notes on variances above/under 10%

Variances to be discussed in Institutional and Finance Committee

### 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

### Expenditure by Type



The table below indicates revenue and expenditure by vote

Annexure B – Table C3

NC062 Nama Khoi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August							
Description	2019/20	Budget Year 2020/21					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue - Functional</b>							
Executive and council	1,590,327	1,817,556	295,041	348,893	302,926	45,967	115
Finance and administration	116,212,489	106,908,828	957,277	76,126,385	17,818,146	58,308,239	427
Community and social services	2,322,453	1,372,945	80,177	353,468	228,830	124,638	154
Sport and recreation	(28,131)	7,539,886	484	(1,195)	1,256,646	(1,257,841)	(0)
Road transport	1,031,068	8,493,011	87,435	170,285	1,415,504	(1,245,219)	12
Energy sources	86,556,673	101,539,214	7,656,162	15,439,281	16,923,202	(1,483,921)	91
Water management	37,898,770	49,504,127	2,476,092	4,952,573	8,250,686	(3,298,113)	60
Waste water management	20,632,373	35,129,754	990,418	1,937,760	5,854,960	(3,917,200)	33
Waste management	13,540,552	15,314,243	1,146,564	2,287,886	2,552,372	(264,486)	90
Other	21,295	45,087	951	(3,888)	7,514	(11,402)	(52)
<b>Total Revenue - Functional</b>	<b>279,777,869</b>	<b>327,664,651</b>	<b>13,690,601</b>	<b>101,611,448</b>	<b>54,610,786</b>	<b>47,000,662</b>	186
<b>Expenditure - Functional</b>							
Executive and council	20,661,699	19,937,704	1,607,434	3,067,195	3,322,948	(255,753)	92
Finance and administration	113,810,809	92,901,323	5,912,175	10,254,916	15,483,574	(5,228,658)	66
Internal audit	1,179,430	1,492,849	101,876	203,752	248,808	(45,056)	82
Community and social services	5,018,267	7,803,363	395,675	741,368	1,300,566	(559,198)	57
Sport and recreation	2,122,697	4,456,504	168,753	322,058	742,750	(420,692)	43
Public safety	2,962,987	5,050,370	199,852	381,888	841,734	(459,846)	45
Planning and development	1,452,586	2,368,471	111,571	219,968	394,746	(174,778)	56
Road transport	11,974,516	23,643,649	1,139,416	2,129,667	3,940,634	(1,810,967)	54
Energy sources	91,214,459	104,203,665	11,150,082	22,090,709	17,367,274	4,723,435	127
Water management	21,125,447	42,663,732	526,281	5,224,620	7,110,624	(1,886,004)	73
Waste water management	9,070,241	17,345,235	768,747	1,453,408	2,890,884	(1,437,476)	50
Waste management	8,591,420	12,154,736	648,727	1,338,448	2,025,790	(687,342)	66
<b>Total Expenditure - Functional</b>	<b>289,184,558</b>	<b>334,021,601</b>	<b>22,730,589</b>	<b>47,427,997</b>	<b>55,670,332</b>	<b>(8,242,335)</b>	85
<b>Surplus/ (Deficit) for the year</b>	<b>(9,406,689)</b>	<b>(6,356,950)</b>	<b>(9,039,988)</b>	<b>54,183,451</b>	<b>(1,059,546)</b>	<b>55,242,997</b>	

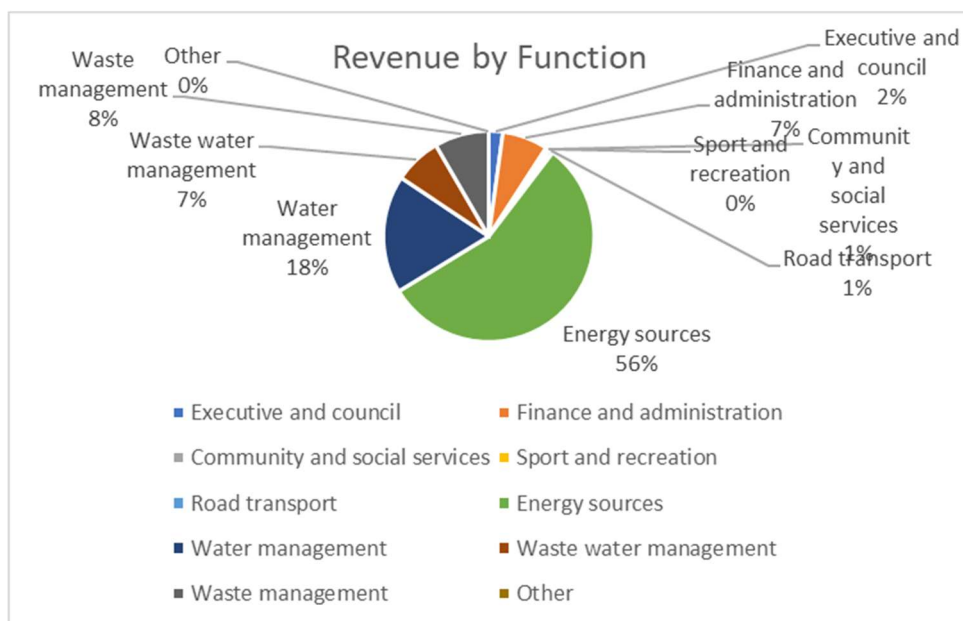
NC062 Nama Khoi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August							
Description	2019/20	Budget Year 2020/21					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue - Functional</b>							
Executive and council	1,590,327	1,817,556	295,041	348,893	302,926	45,967	115
Finance and administration	116,212,489	106,908,828	957,277	76,126,385	17,818,146	58,308,239	427
Community and social services	2,322,453	1,372,945	80,177	353,468	228,830	124,638	154
Sport and recreation	(28,131)	7,539,886	484	(1,195)	1,256,646	(1,257,841)	(0)
Road transport	1,031,068	8,493,011	87,435	170,285	1,415,504	(1,245,219)	12
Energy sources	86,556,673	101,539,214	7,656,162	15,439,281	16,923,202	(1,483,921)	91
Water management	37,898,770	49,504,127	2,476,092	4,952,573	8,250,686	(3,298,113)	60
Waste water management	20,632,373	35,129,754	990,418	1,937,760	5,854,960	(3,917,200)	33
Waste management	13,540,552	15,314,243	1,146,564	2,287,886	2,552,372	(264,486)	90
Other	21,295	45,087	951	(3,888)	7,514	(11,402)	(52)
<b>Total Revenue - Functional</b>	<b>279,777,869</b>	<b>327,664,651</b>	<b>13,690,601</b>	<b>101,611,448</b>	<b>54,610,786</b>	<b>47,000,662</b>	<b>186</b>

### Reasons for variances above/under 10%

Variances to be discussed in Institutional and Finance Committee

### CHART 3

The following chart shows the revenue by vote for 31 August 2020

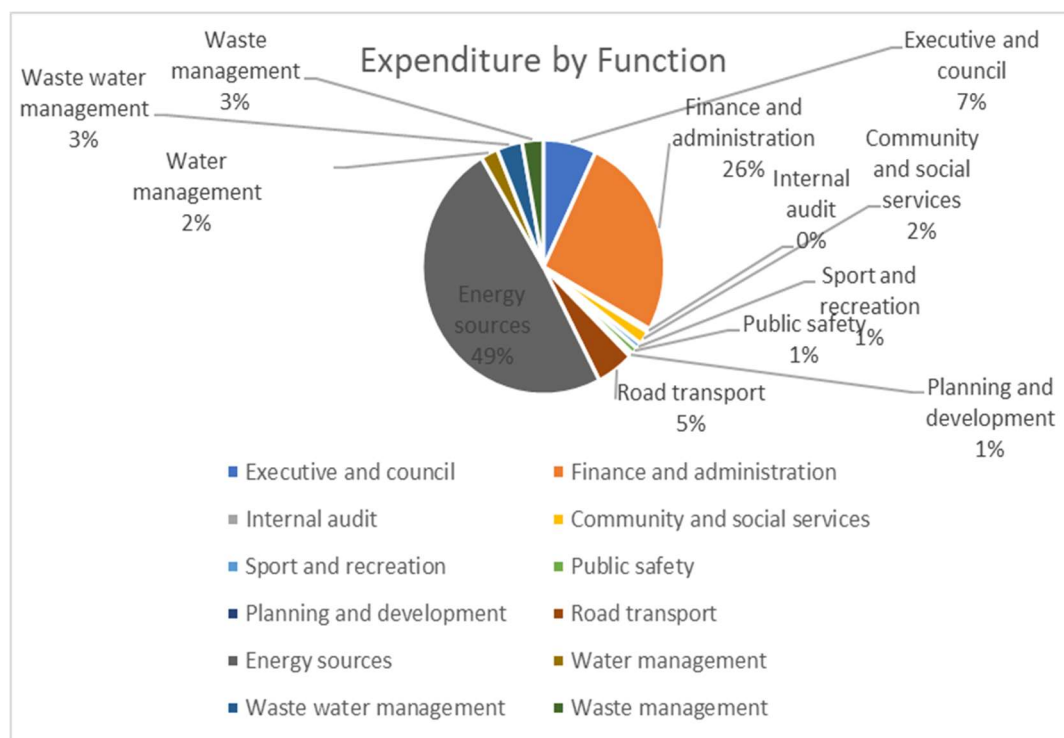




Expenditure - Functional	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Executive and council	20,661,699	19,937,704	1,607,434	3,067,195	3,322,948	(255,753)	92
Finance and administration	113,810,809	92,901,323	5,912,175	10,254,916	15,483,574	(5,228,658)	66
Internal audit	1,179,430	1,492,849	101,876	203,752	248,808	(45,056)	82
Community and social services	5,018,267	7,803,363	395,675	741,368	1,300,566	(559,198)	57
Sport and recreation	2,122,697	4,456,504	168,753	322,058	742,750	(420,692)	43
Public safety	2,962,987	5,050,370	199,852	381,888	841,734	(459,846)	45
Planning and development	1,452,586	2,368,471	111,571	219,968	394,746	(174,778)	56
Road transport	11,974,516	23,643,649	1,139,416	2,129,667	3,940,634	(1,810,967)	54
Energy sources	91,214,459	104,203,665	11,150,082	22,090,709	17,367,274	4,723,435	127
Water management	21,125,447	42,663,732	526,281	5,224,620	7,110,624	(1,886,004)	73
Waste water management	9,070,241	17,345,235	768,747	1,453,408	2,890,884	(1,437,476)	50
Waste management	8,591,420	12,154,736	648,727	1,338,448	2,025,790	(687,342)	66
<b>Total Expenditure - Functional</b>	<b>289,184,558</b>	<b>334,021,601</b>	<b>22,730,589</b>	<b>47,427,997</b>	<b>55,670,332</b>	<b>(8,242,335)</b>	<b>85</b>

#### CHART 4

The following chart shows the expenditure by vote for 31 August 2020



#### Reasons for variances above/under 10%

Variances to be discussed in Institutional and Finance Committee

## 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 note Capital Expenditure subject to correction

NC062 Nama Khoi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 8 - 0		-	-	-	-	-	-	-		-
Vote 9 - 0		-	-	-	-	-	-	-		-
Vote 10 - 0		-	-	-	-	-	-	-		-
Vote 11 - 0		-	-	-	-	-	-	-		-
Vote 12 - 0		-	-	-	-	-	-	-		-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-		-
<b>Single Year expenditure appropriation</b>	2									
Vote 8 - 0		263	1,400	1,400	-	263	233	29	13%	1,400
Vote 9 - 0		(60)	-	-	-	(60)	-	(60)	#DIV/0!	-
Vote 10 - 0		165	-	-	-	165	-	165	#DIV/0!	-
Vote 11 - 0		122	7,500	7,500	-	122	1,250	(1,128)	-90%	7,500
Vote 12 - 0		12,068	35,351	35,351	1,804	14,011	5,892	8,119	138%	35,351
<b>Total Capital single-year expenditure</b>	4	12,558	44,251	44,251	1,804	14,501	7,375	7,126	97%	44,251
<b>Total Capital Expenditure</b>		12,558	44,251	44,251	1,804	14,501	7,375	7,126	97%	44,251
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1,529	1,400	1,400	-	36,242	233	36,008	15432%	1,400
Executive and council		-	1,400	1,400	-	-	233	(233)	-100%	1,400
Finance and administration		1,529	-	-	-	36,242	-	36,242	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-		-
<b>Community and public safety</b>		122	7,500	7,500	-	122	1,250	(1,128)	-90%	7,500
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		-	7,500	7,500	-	-	1,250	(1,250)	-100%	7,500
Public safety		-	-	-	-	-	-	-		-
Housing		122	-	-	-	122	-	122	#DIV/0!	-
Health		-	-	-	-	-	-	-		-
<b>Economic and environmental services</b>		4,422	5,839	5,839	900	5,322	973	4,349	447%	5,839
Planning and development		(60)	-	-	-	(60)	-	(60)	#DIV/0!	-
Road transport		4,481	5,839	5,839	900	5,382	973	4,409	453%	5,839
Environmental protection		-	-	-	-	-	-	-		-
<b>Trading services</b>		7,524	29,513	29,513	903	8,567	4,919	3,648	74%	29,513
Energy sources		5,365	714	714	-	5,365	119	5,246	4410%	714
Water management		7,990	6,260	6,260	-	7,990	1,043	6,946	666%	6,260
Waste water management		(5,830)	22,539	22,539	903	(4,787)	3,756	(8,543)	-227%	22,539
Waste management		-	-	-	-	-	-	-		-
<b>Other</b>		-	-	-	-	-	-	-		-
<b>Total Capital Expenditure - Functional Classification</b>	3	13,596	44,251	44,251	1,804	50,253	7,375	42,878	581%	44,251
<b>Funded by:</b>										
National Government		11,972	42,851	42,851	1,804	14,071	7,142	6,929	97%	42,851
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
<b>Transfers recognised - capital</b>		11,972	42,851	42,851	1,804	14,071	7,142	6,929	97%	42,851
<b>Borrowing</b>	6	-	-	-	-	-	-	-		-
<b>Internally generated funds</b>		446	1,400	1,400	-	290	233	57	24%	1,400
<b>Total Capital Funding</b>		12,417	44,251	44,251	1,804	14,361	7,375	6,985	95%	44,251

Variances to be discussed in Institutional and Finance Committee

## CASH FLOW STATEMENT AT 31 August 2020

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M02 August						
Description	Budget Year 2020/21					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	40,459,573	4,202,028	7,615,641	7,067,521	548,120	107.76
Service charges	157,664,228	11,770,754	23,718,250	24,665,653	(947,403)	96.16
Other revenue	5,268,133	3,037,612	7,750,864	920,201	6,830,664	842.30
Transfers and Subsidies - Operational	58,663,697	3,268,000	26,317,000	9,777,284	16,539,716	269.16
Transfers and Subsidies - Capital	42,851,304	-	11,174,000	7,141,886	4,032,114	156.46
Interest	1,374,605	-	879,184	1,084,109	(204,925)	81.10
<b>Payments</b>						
Suppliers and employees	(268,739,986)	(36,642,860)	(74,418,883)	(42,447,639)	31,971,243	175.32
Finance charges	(312,817)	-	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>37,228,737</b>	<b>(14,364,466)</b>	<b>3,036,057</b>	<b>8,209,014</b>	<b>5,172,957</b>	<b>36.98</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
Capital assets	(44,251,305)	(1,390,547)	(1,975,098)	(7,375,220)	(5,400,122)	26.78
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(44,251,305)</b>	<b>(1,390,547)</b>	<b>(1,975,098)</b>	<b>(7,375,220)</b>	<b>(5,400,122)</b>	<b>26.78</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Increase (decrease) in consumer deposits	62,885	-	-	-	-	
<b>Payments</b>						
Repayment of borrowing	388,589	-	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>451,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(6,571,094)</b>	<b>(15,755,013)</b>	<b>1,060,958</b>	<b>833,794</b>		
Cash/cash equivalents at beginning:	6,869,530		14,586,452	6,869,530		
Cash/cash equivalents at month/year end:	298,436		15,647,411	7,703,324		

## 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 August 2020

Please note debtor figures are subject to correction

NC062 Nama Khoi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August						
Description	Budget Year 2020/21					
Debtors Age Analysis By Income Source	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Water	1,523,767	970,542	1,109,606	814,070	39,193,536	43,611,521
Electricity	4,258,963	2,280,117	1,203,499	1,260,791	52,114,902	61,118,272
Property Rates	28,976,052	1,274,726	797,070	757,442	33,410,277	65,215,567
Waste Water Management	447,048	294,510	232,667	218,322	9,204,635	10,397,182
Waste Management	771,652	511,455	427,542	404,034	22,061,345	24,176,028
Property Rental Debtors	384,408	204,966	177,566	131,005	7,266,992	8,164,937
<b>Total By Income Source</b>	<b>36,361,890</b>	<b>5,536,316</b>	<b>3,947,950</b>	<b>3,585,664</b>	<b>163,251,687</b>	<b>212,683,507</b>
2019/20 - totals only	-	-	-	-	-	-
Debtors Age Analysis By Customer Group						
Organs of State	6,050,225	625,588	386,110	391,603	3,131,731	10,585,257
Commercial	19,080,592	3,088,489	1,606,430	1,604,581	65,245,352	90,625,444
Households	11,231,073	1,822,239	1,955,410	1,589,480	94,874,604	111,472,806
<b>Total By Customer Group</b>	<b>36,361,890</b>	<b>5,536,316</b>	<b>3,947,950</b>	<b>3,585,664</b>	<b>163,251,687</b>	<b>212,683,507</b>

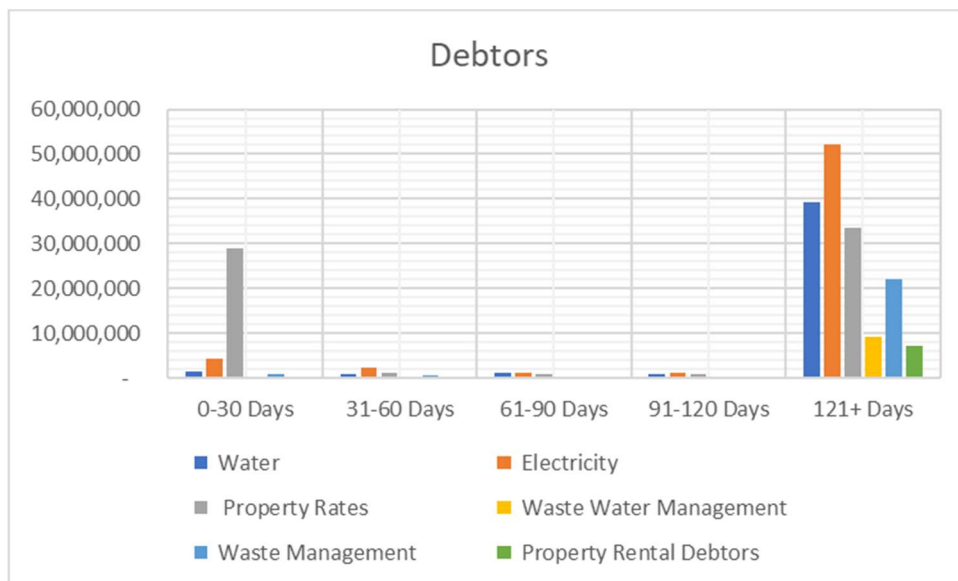
Debtors outstanding for a period more than 121 days amounts to R163 251 687

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 debtor's has only increased.

## 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	1,523,767	970,542	1,109,606	814,070	39,193,536	43,611,521
Electricity	4,258,963	2,280,117	1,203,499	1,260,791	52,114,902	61,118,272
Property Rates	28,976,052	1,274,726	797,070	757,442	33,410,277	65,215,567
Waste Water Management	447,048	294,510	232,667	218,322	9,204,635	10,397,182
Waste Management	771,652	511,455	427,542	404,034	22,061,345	24,176,028
Property Rental Debtors	384,408	204,966	177,566	131,005	7,266,992	8,164,937
<b>Total By Income Source</b>	<b>36,361,890</b>	<b>5,536,316</b>	<b>3,947,950</b>	<b>3,585,664</b>	<b>163,251,687</b>	<b>212,683,507</b>

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

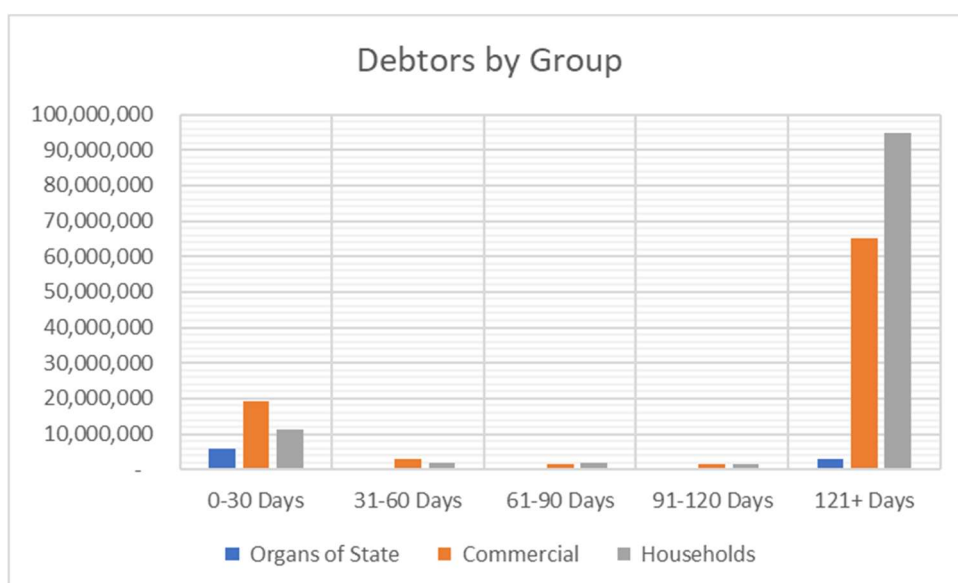


#### Debtor Age Analysis by Category

Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Organs of State	6,050,225	625,588	386,110	391,603	3,131,731	10,585,257
Commercial	19,080,592	3,088,489	1,606,430	1,604,581	65,245,352	90,625,444
Households	11,231,073	1,822,239	1,955,410	1,589,480	94,874,604	111,472,806
<b>Total By Customer Group</b>	<b>36,361,890</b>	<b>5,536,316</b>	<b>3,947,950</b>	<b>3,585,664</b>	<b>163,251,687</b>	<b>212,683,507</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 31 August 2020

NC062 Nama Khoi - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August									
Description	Budget Year 2020/21								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	3,200,128	4,787,771	13,997,005	6,034,186	6,942,539	(3,614,241)	23,822,296	84,525,705	139,695,389
Bulk Water	(2,500,000)	2,194,349	(1,500,000)	(3,000,000)	-	(1,500,000)	1,698,611	153,414,170	148,807,130
Auditor General							1,118,052		1,118,052
Other Creditors	273,831		393,916	82,570	37,231	19,268		781,512	1,588,328
Total By Customer Type	973,959	6,982,120	12,890,921	3,116,756	6,979,770	(5,094,973)	26,638,959	238,721,387	291,208,899

#### Creditors Analysis

Please note that the municipality are currently in litigation cases with the biggest Creditors. Once formal acknowledgements of agreements are received it will be added to the Section 71.

NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August							
Summary of Employee and Councillor remuneration	2019/20	Budget Year 2020/21					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Councillors (Political Office Bearers plus Other)</b>							
Basic Salaries and Wages	3,898,257	4,077,073	368,857	737,819	679,514	58,305	109
Pension and UIF Contributions	447,565	533,988	22,054	44,108	88,998	(44,890)	50
Medical Aid Contributions	45,823	52,598	3,317	6,634	8,766	(2,132)	76
Cellphone Allowance	697,104	804,309	60,112	120,224	134,052	(13,828)	90
Other benefits and allowances	1,121,632	1,486,360	94,763	189,526	247,728	(58,202)	77
<b>Sub Total - Councillors</b>	<b>6,210,381</b>	<b>6,954,328</b>	<b>549,103</b>	<b>1,098,311</b>	<b>1,159,058</b>	<b>(60,747)</b>	<b>95</b>
<b>Senior Managers of the Municipality</b>							
Basic Salaries and Wages	3,241,452	3,814,866	258,360	517,620	635,812	(118,192)	81
Pension and UIF Contributions	341,098	370,706	30,165	60,330	61,790	(1,460)	98
Medical Aid Contributions	143,958	154,086	13,088	26,176	25,682	494	102
13th Month	183,405	191,515	-	-	31,920	(31,920)	-
Motor Vehicle Allowance	470,528	487,444	50,158	100,316	81,242	19,074	123
Cellphone Allowance	38,553	41,899	3,320	6,640	6,984	(344)	95
Housing Allowances	21,786	23,678	1,930	3,860	3,948	(88)	98
Other benefits and allowances	35,840	38,948	1,117	2,170	6,490	(4,320)	33
Long service awards	-	57,645	-	-	9,606	(9,606)	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>4,476,620</b>	<b>5,180,787</b>	<b>358,138</b>	<b>717,112</b>	<b>863,474</b>	<b>(146,362)</b>	<b>83</b>
<b>Other Municipal Staff</b>							
Basic Salaries and Wages	57,935,203	63,749,038	4,799,008	9,605,065	10,624,842	(1,019,777)	90
Pension and UIF Contributions	8,802,272	9,660,332	778,995	1,562,914	1,610,056	(47,142)	97
Medical Aid Contributions	2,840,609	2,930,791	256,880	511,936	488,464	23,472	105
Overtime	7,464,584	5,933,784	614,485	1,239,947	988,968	250,979	125
13th Month	4,438,297	5,023,080	432,629	923,013	837,182	85,831	110
Cellphone Allowance	206,900	226,299	18,252	36,504	37,716	(1,212)	97
Housing Allowances	4,043,509	4,540,375	345,138	706,503	756,730	(50,227)	93
Other benefits and allowances	1,257,915	996,101	76,026	162,969	166,020	(3,051)	98
Payments in lieu of leave	2,320,338	816,884	179,797	234,624	136,150	98,474	172
Long service awards	385,310	345,803	20,627	31,063	57,634	(26,571)	54
<b>Sub Total - Other Municipal Staff</b>	<b>89,694,937</b>	<b>94,222,487</b>	<b>7,521,837</b>	<b>15,014,538</b>	<b>15,703,762</b>	<b>(689,224)</b>	<b>96</b>
<b>Total Parent Municipality</b>	<b>100,381,938</b>	<b>106,357,602</b>	<b>8,429,078</b>	<b>16,829,961</b>	<b>17,726,294</b>	<b>(896,333)</b>	<b>95</b>
<b>Total Employee Cost</b>	<b>94,171,557</b>	<b>99,403,274</b>	<b>7,879,975</b>	<b>15,731,650</b>	<b>16,567,236</b>		
<b>Total Expenditure</b>	<b>289,186,443</b>	<b>334,021,601</b>	<b>22,730,589</b>	<b>47,427,997</b>	<b>55,670,332</b>		
<b>Total Revenue</b>	<b>265,035,714</b>	<b>284,813,347</b>	<b>13,690,601</b>	<b>101,611,448</b>	<b>47,468,900</b>		
<b>%Employee Cost to Expenditure</b>	<b>33</b>	<b>30</b>	<b>35</b>	<b>33</b>	<b>30</b>		
<b>%Employee Cost to Revenue</b>	<b>36</b>	<b>35</b>	<b>58</b>	<b>15</b>	<b>35</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 August 35 % and against Total Revenue it escalates to 58%

## **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. Monthly monitoring of activities outlined in the Reviewed Financial Recovery Plan. Adhering to SCM regulations.

### **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. Interdepartmental communication needs to be improved. Constant notifications to the community must improve. Community members should be invited to resolve old outstanding issues.

**Creditors Analysis**

The municipality must adhere to pay monthly creditors on time, old outstanding debt must be prioritised and link to the Reviewed 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. The Municipal Council has adopted the Reviewed Financial Recovery Plan, this plan will be updated on a monthly basis and will be submitted to Council.

## **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

[heinri.cloete@namakhoi.gov.za](mailto:heinri.cloete@namakhoi.gov.za)

## NAMAKHOI MUNICIPALITY QUALITY CERTIFICATE

I, **Samantha Titus**....., 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 August 2020 has been prepared in accordance with the Municipal Finance Management Act 71 and regulations made under that Act.

**Print name: SAMANTHA TATAS**

Municipal Manager of Nama Khoi Municipality

Signature:.....

Date: **14 September 2020**.....

## **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 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