



Nama Khoi Municipality

12 December 2014

The Mayor

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING
30 November 2014 (MONTHLY BUDGET STATEMENT) – 2014/2015 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 November 2014, ten working days reporting limit expires on 12 December 2014.

3. QUERIES AND SUGGESTIONS

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

4. REPORT FOR THE PERIOD ENDING 30 November 2014

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

The financial results for the period ended 30 November 2014 are summarised as follows:

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

. The summary report indicates the following

Table of Contents

Page 3	Table C4-Financial Performance
Page 4	Explanations on table
Page 5	Reasons for variances
Page 7	CHART 1- Revenue by source
Page 8	CHART 2 – Expenditure by type
Page 9	Table C3 – Revenue and expenditure by vote
Page 11	CHART 3 – Revenue by vote
Page 12	CHART 4 – Expenditure by vote
Page 13	Capital Expenditure
Page 14	Cash Flow Statement
Page 15	Debtors Age Analysis
Page 16	CHART 8 Debtors outstanding per revenue source
Page 17	CHART 9 – Debtors outstanding per category
Page 18	Creditors age analysis
Page 20	Report on outstanding money
Page 23	Employee Related Cost
Page 24	Financial Implications/Recommendations
Page 26	Interdepartmental and Cluster Impact
Page 27	Quality Certificate
Page 28	Annexure A
Page 30	C-Schedule Table of contents

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November						
Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue By Source						
Property rates	32 343 145	-1 723 916	34 925 551	31 314 045	3 611 506	112%
Service charges - electricity revenue	67 377 952	4 653 264	27 727 458	29 874 146	-2 146 688	93%
Service charges - water revenue	32 502 068	2 020 708	9 253 352	12 642 530	-3 389 178	73%
Service charges - sanitation revenue	9 170 014	775 804	3 837 148	3 820 839	16 309	100%
Service charges - refuse revenue	10 957 065	740 510	3 900 931	4 565 444	-664 512	85%
Service charges - other	Nil	64 086	329 755	Nil	329 755	No Comp
Rental of facilities and equipment	2 001 898	84 235	161 759	836 867	-675 108	19%
Interest earned - external investments	624 300	110 676	485 266	260 125	225 141	187%
Interest earned - outstanding debtors	3 370 677	370 598	1 730 832	1 174 450	556 382	147%
Fines	273 406	27 917	89 003	113 919	-24 917	78%
Licences and permits	1 171 613	124 765	582 941	488 172	94 769	119%
Agency services	1 272 027	137 253	485 249	530 011	-44 762	92%
Transfers recognised - operational	40 346 000	14 797 120	31 301 120	29 986 925	1 314 195	104%
Other revenue	6 641 655	43 694	335 394	2 983 844	-2 648 450	11%
Gains on disposal of PPE	5 500 000	Nil	Nil	5 500 000	-5 500 000	No Comp
Total Revenue (excluding capital transfers and contributions)	213 551 820	22 226 714	115 145 760	124 091 318	-8 945 558	93%
Expenditure By Type						
Employee related costs	65 563 255	5 157 184	28 168 196	27 318 023	850 173	103%
Remuneration of councillors	4 926 587	374 397	1 812 957	2 052 745	-239 788	88%
Debt impairment	3 764 020	Nil	Nil	Nil	Nil	No Comp
Depreciation & asset impairment	5 419 667	Nil	Nil	Nil	Nil	No Comp
Finance charges	1 731 550	Nil	110 250	455 439	-345 188	24%
Bulk purchases	84 833 077	8 677 452	37 344 803	35 347 116	1 997 688	106%
Other materials	8 938 204	495 583	2 080 892	3 724 252	-1 643 360	56%
Contracted services	994 365	22 034	838 160	414 319	423 841	202%
Transfers and grants	Nil	122 760	298 440	Nil	298 440	No Comp
Other expenditure	33 624 234	3 692 713	19 979 370	12 210 644	7 768 725	164%
Total Expenditure	209 794 960	18 542 124	90 633 069	81 522 537	9 110 532	111%
Surplus/(Deficit)	3 756 860	3 684 591	24 512 691	42 568 781	-18 056 090	

Explanations on table

***Please note the following:**

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

Variance – refers the difference between actual versus budget

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

Nil – No amounts was budget or spent

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

Reasons for variances

The Major revenue variances against the budget are:

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

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

Property Rates –Management should ensure that the planning of the monthly budgets are prioritise. National Treasury are in a process whereby municipality’s monthly cash flows will be monitored to check if municipalities stick to their budgets. Income department should ensure that the income and rebates on property are captured separately. Property Rates should be budgeted by the income department as have the knowledge of how the consumers pay their accounts.

Service charges electricity- there is a variance of 7%, this means the municipality billed less revenue than what was budgeted, and more time should be given to accurately budget for service charges on a monthly basis.

Service charges water – The municipality billed only 73% for water service when compared to the monthly budget. The municipality needs to do a detailed investigation on what the revenue of water is, what the municipality billed for free basic services and what the exact expenditure to deliver this service is.

Service charges sanitation – The municipality have a variance of 0%, which means the planning was very good for this service.

Service charges refuse removal – This variance shows that the municipality did not bill as budgeted. This service should remain constant and therefore there should be no variance, the municipality need to ensure that it does not inflate revenue sources to have a creditable budget.

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

Rental of equipment and facilities – a negative variance shows the municipality are not budgeting according a lease register.

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

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

Transfer recognised operational – The municipality did not receive any operational grants for the month of October.

Other revenue – the variance shows the municipality billed only 11%, the municipality need to ensure that it does not inflate revenue sources to have a creditable budget.

The major expenditure variances against budget are:

Employee related cost – the variance of 3% shows the municipality spend more on employee cost than budgeted, the budgeted figure does not make provision for acting allowance.

Remuneration of councillors – the variance shows the municipality spend R240 thousand less than budgeted.

Finance charges – refers only to the interest paid on loans.

Bulk purchases has a variance of 6%, this means at the end of November the municipality spent more it budgeted on bulk purchases however it must be highlighted that the budgeted figure does not include outstanding debt.

Other materials – repair and maintenance shows the municipality spend only 56% on repair and maintenance, however the municipality must start monitoring repair and maintenance of vehicles..

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

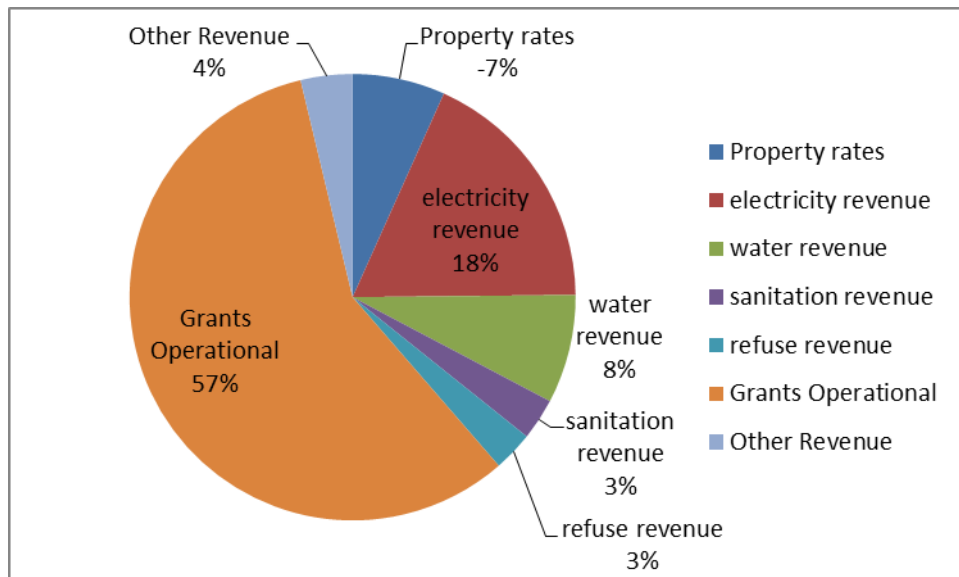
Other expenditure – Each department should investigate their budgets and start to curb expenditure of the municipality. Managers as well as their office assistants needs to familiarise themselves with the financial system which wil assist them to manage their budgets accordingly.

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue) - M05 November						
Description	Budget Year 2014/15					
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Revenue By Source						
Property rates	32 343 145	-1 723 916	34 925 551	31 314 045	3 611 506	112%
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Total Revenue (excluding capital transfers and contributions)	213 551 820	22 226 714	115 145 760	124 091 318	-8 945 558	93%

*Please note a percentage of over 100% means that the municipality billed more than what was budget and less than 100 % means the municipality billed less than what was budgeted.

CHART 1

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

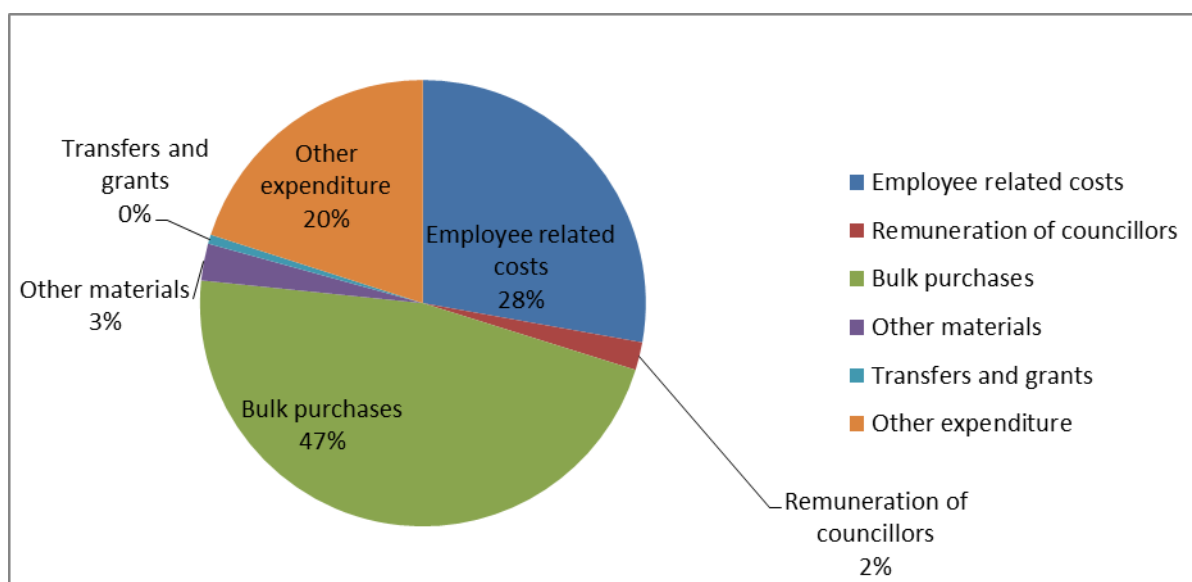


Expenditure By Type	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Employee related costs	65 563 255	5 157 184	28 168 196	27 318 023	850 173	103%
Remuneration of councillors	4 926 587	374 397	1 812 957	2 052 745	-239 788	88%
Debt impairment	3 764 020	Nil	Nil	Nil	Nil	No Comp
Depreciation & asset impairment	5 419 667	Nil	Nil	Nil	Nil	No Comp
Finance charges	1 731 550	Nil	110 250	455 439	-345 188	24%
Bulk purchases	84 833 077	8 677 452	37 344 803	35 347 116	1 997 688	106%
Other materials	8 938 204	495 583	2 080 892	3 724 252	-1 643 360	56%
Contracted services	994 365	22 034	838 160	414 319	423 841	202%
Transfers and grants	Nil	122 760	298 440	Nil	298 440	No Comp
Other expenditure	33 624 234	3 692 713	19 979 370	12 210 644	7 768 725	164%
Total Expenditure	209 794 960	18 542 124	90 633 069	81 522 537	9 110 532	111%

*Please note a percentage of over 100% means that the municipality spent more than what was budgeted and less than 100 % means the municipality spent less than what was budgeted.

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) - M05 November						
Vote Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote						
Vote 1 - Municipal Manager	5 318 679	3 045 814	3 198 421	3 781 399	-582 978	85%
Vote 2 - Financial Services	60 014 936	10 534 485	65 487 074	50 148 220	15 338 854	131%
Vote 3 - Corporate Services	6 727 215	64 093	63	2 442 990	-2 442 927	0%
Vote 4 - Community Services: Community Development	21 484 133	839 804	4 560 751	8 962 636	-4 401 885	51%
Vote 5 - Community Services: Public Safety	2 711 541	265 755	1 033 194	984 705	48 489	105%
Vote 6 - Electrical Engineering Services	69 629 260	4 676 778	27 779 671	26 141 587	1 638 084	106%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	2 799 985	13 112 127	19 588 211	-6 476 084	67%
Total Revenue by Vote	213 551 820	22 226 714	115 171 301	112 049 748	3 121 553	103%
Expenditure by Vote						
Vote 1 - Municipal Manager	21 845 947	1 296 115	8 053 879	7 951 990	101 889	101%
Vote 2 - Financial Services	29 297 857	3 321 559	16 172 533	10 639 520	5 533 013	152%
Vote 3 - Corporate Services	13 154 123	1 065 111	6 704 844	4 776 940	1 927 904	140%
Vote 4 - Community Services: Community Development	17 513 618	1 071 643	5 559 001	6 368 420	-809 419	87%
Vote 5 - Community Services: Public Safety	6 491 700	497 867	2 737 417	2 357 480	379 937	116%
Vote 6 - Electrical Engineering Services	62 345 639	4 277 289	29 826 132	22 701 085	7 125 047	131%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	7 012 538	21 913 177	21 468 617	444 560	102%
Total Expenditure by Vote	209 794 960	18 542 122	90 966 983	76 264 052	14 702 931	119%
Surplus/ (Deficit) for the year	3 756 860	3 684 592	24 204 318	35 785 696	-11 581 378	

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue by municipal vote) - M05 November						
Vote Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote						
Vote 1 - Municipal Manager	5 318 679	3 045 814	3 198 421	3 781 399	-582 978	85%
Vote 2 - Financial Services	60 014 936	10 534 485	65 487 074	50 148 220	15 338 854	131%
Vote 3 - Corporate Services	6 727 215	64 093	63	2 442 990	-2 442 927	0%
Vote 4 - Community Services: Community Development	21 484 133	839 804	4 560 751	8 962 636	-4 401 885	51%
Vote 5 - Community Services: Public Safety	2 711 541	265 755	1 033 194	984 705	48 489	105%
Vote 6 - Electrical Engineering Services	69 629 260	4 676 778	27 779 671	26 141 587	1 638 084	106%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	2 799 985	13 112 127	19 588 211	-6 476 084	67%
Total Revenue by Vote	213 551 820	22 226 714	115 171 301	112 049 748	3 121 553	103%

Reasons for Variances .

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

Municipal manager – The revenue budget did not realise and the municipality must ensure time is spent with monthly budget planning. Municipality must also be clear when budgeting which grants are operational and which grants are capital as it influence the revenue base of the municipality.

Financial Services – The property rates were billed more than what was budget thus the municipality need to align their budget plan to the plan of property rates. Corrections can only be made during the adjusted budget, the municipality must ensure that monthly budgets are a true reflection of the actual revenue that will be billed.

Corporate Services – revenue have not occurred as planned.

Community development- The revenue was not billed as plan, meaning the municipality did not stick to their plans. The municipality must ensure they budget for revenue that will be realised.

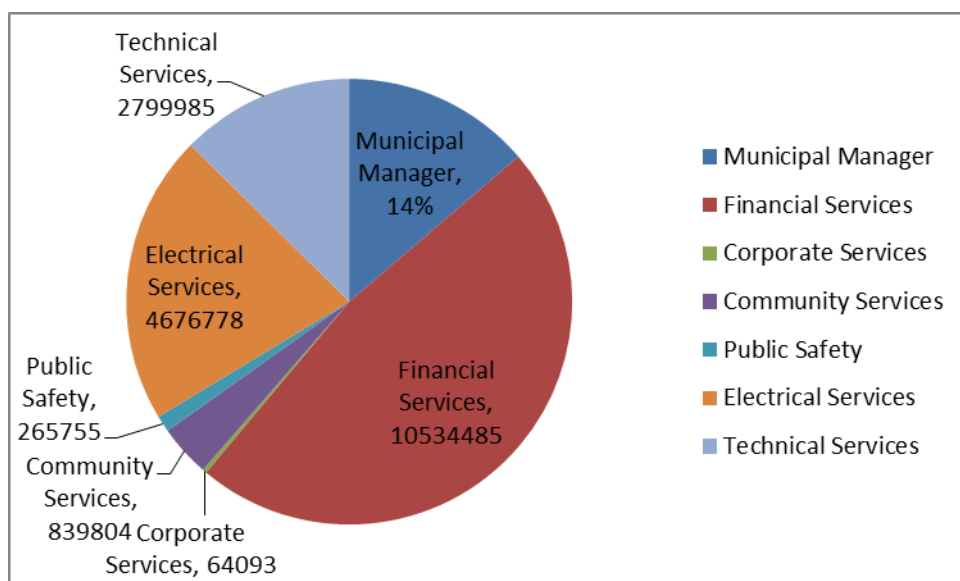
Public safety – The variance of 105% shows that the municipality billed 5% more than what was budget under this department, which is very good

Electrical Engineering Services – The variance shows the municipality billed 6% more than what was budgeted.

Infrastructure, Engineering & Technical Services - This service shows that the municipality billed less than what was budgeted; water service was not budget as planned.

CHART 3

The following chart shows the revenue by vote for November.



Expenditure by Vote	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	21 845 947	1 296 115	8 053 879	7 951 990	101 889	101%
Vote 2 - Financial Services	29 297 857	3 321 559	16 172 533	10 639 520	5 533 013	152%
Vote 3 - Corporate Services	13 154 123	1 065 111	6 704 844	4 776 940	1 927 904	140%
Vote 4 - Community Services: Community Development	17 513 618	1 071 643	5 559 001	6 368 420	-809 419	87%
Vote 5 - Community Services: Public Safety	6 491 700	497 867	2 737 417	2 357 480	379 937	116%
Vote 6 - Electrical Engineering Services	62 345 639	4 277 289	29 826 132	22 701 085	7 125 047	131%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	7 012 538	21 913 177	21 468 617	444 560	102%
Total Expenditure by Vote	209 794 960	18 542 122	90 966 983	76 264 052	14 702 931	119%

Reasons for variances

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

Municipal Manager- With a variance of 101% this department expenditure are more than what was budgeted at this stage; the following items are already overspent: RDP housing expenditure and membership and subscriptions, it must be noted that other expenditure still have no expenditure or little expenditure to date.

Financial services – Free basic services was captured under revenue foregone, corrections was made and free basic water, free basic electricity and free basic refuse removal was moved to their correct allocations.

Corporate services – Licence fees, printing rentals and system support & maintenance, telephone cost and operational maintenance are more than budgeted.

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

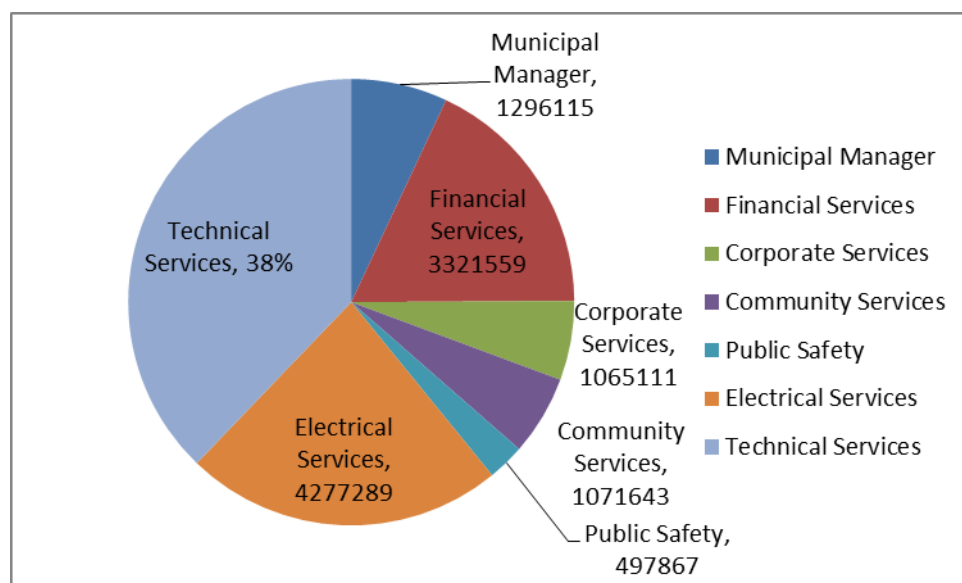
Public safety – The variance of 116% shows that this department overspent and the biggest contributor is employee related cost; it must be noted that officials working under Disaster Management are still being paid out of the Public Safety budget although these departments have split.

Electrical Engineering Services – The variance of 131% shows the municipality spent more than what was budget at 31 November 2014.

Infrastructure, Engineering & Technical Services – With a variance of 2% one can say it is very well planned but it must be noted that the water expenditure is very high when comparing to the other services. This means that repair and maintenance of the other services are not as planned as funding is not available for it.

CHART 4

The following chart shows the expenditure by vote for November.



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.

Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Sport and recreation	3 400 000	105 112	171 856	2 465 000	-2 293 144	7%
Road transport	10 579 000	-	590 696	7 669 775	-7 079 079	8%
Electricity	1 000 000	818 494	824 817	725 000	99 817	114%
Waste water management	2 000 000	71 778	359 603	1 450 000	-1 090 397	25%
Total Capital Expenditure - Standard Classification	16 979 000	995 384	1 946 972	12 309 775	-10 362 803	16%
Funded by:						
National Government	16 979 000	995 384	1 946 972	12 309 775	-10 362 803	16%
Total Capital Funding	16 979 000	995 384	1 946 972	12 309 775	-10 362 803	16%

Capital expenditure for the month of November 2014 was R1 946 972; it was highlighted by the head of Technical Services that the Capital Budget does not correspond with the Project plans of the Technical Department. The matter was referred to National Treasury for guidance. Treasury responded by stating that the municipality can only correct the budget by means of an adjusted budget after the mid-year assessment report whereby shifting of funds between the operational and capital budget can be done. Capital Budget must be detailed, with projects listed, times frames supplied but the current capital budget lack all those features which can be the reason why the expenditure are so slow.

CASH FLOW STATEMENT AT 30 November 2014

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M05 November						
Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	158 915 888	21 692 377	83 706 591	67 809 544	15 897 047	123.44%
Government - operating	40 346 000	11 795 762	28 699 762	29 986 925	-1 287 163	95.71%
Government - capital	16 979 000	Nil	6 100 000	12 319 333	-6 219 333	49.52%
Interest	3 795 229	481 276	2 057 129	1 581 345	475 784	130.09%
Dividends					-	
Payments						
Suppliers and employees	-198 326 370	-25 297 724	-108 121 676	-82 000 718	26 120 959	131.85%
Finance charges	-206 903	-5 147	-115 397	-75 030	40 367	153.80%
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 502 844	8 666 545	12 326 409	29 621 400	-17 294 991	41.61%
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	5 719 000	Nil	Nil	5 719 000	-5 719 000	No Comp
Capital assets	-16 979 000	-1 106 895	-1 817 686	-12 319 333	-10 501 648	14.75%
NET CASH FROM/(USED) INVESTING ACTIVITIES	-11 260 000	-1 106 895	-1 817 686	-6 600 333	-4 782 648	27.54%
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	-1 524 646	-41 572	-873 433	-380 409	493 023	229.60%
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 524 646	-41 572	-873 433	-380 409	493 023	229.60%
NET INCREASE/ (DECREASE) IN CASH HELD	8 718 198	7 518 078	9 635 290	22 640 658		
Cash/cash equivalents at beginning:	3 331 303		4 947 896	3 331 303		
Cash/cash equivalents at month/year end:	12 049 500		14 583 187	25 971 960		

The cash flow statement shows that the municipality had a balance of R14 583 187 n the primary bank account and the year –to-date budget shows the municipality budget for a balance of R25 971 960.

The cash flow statement gives the indication as to what actual funds is available, more emphasise need put on the cash flow statement by management to control the position of the municipality and avoid the municipality having cash flow problems. Collection rates of service charges needs to be taken in consideration as it have a direct impact on moneys collected. Moneys collected from service charges needs to be more than the than the expenditure incurred for delivering the service to maintain sustainability. Although the municipality had a positive bank balance at 30 November 2014 is still have outstanding creditors of above 100 million.

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 November 2014

Debtors age analysis 30 November 2014						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 Days +	Total
Debtors Age Analysis By Income Source						
Water	1 429 641	1 077 076	482 756	574 538	13 975 199	17 539 210
Electricity	3 719 359	1 734 351	1 061 812	1 086 971	15 862 570	23 465 063
Property Rates	1 749 846	819 506	646 071	321 820	14 097 060	17 634 303
Waste Water Management	627 237	270 782	146 813	112 456	3 706 024	4 863 312
Waste Management	620 010	300 049	181 932	159 687	8 440 821	9 702 499
Property Rental Debtors	185 146	123 047	77 511	96 638	4 526 189	5 008 531
Total By Income Source	8 331 239	4 324 811	2 596 895	2 352 110	60 607 863	78 212 918
2013/14 - totals only	8 078 819	3 055 321	1 755 142	1 735 738	55 347 240	69 972 260
Debtors Age Analysis By Customer Group						
Organs of State	470 314	283 797	178 843	103 226	870 976	1 907 156
Commercial	2 905 346	1 308 697	755 423	731 541	19 431 036	25 132 043
Households	4 955 579	2 732 317	1 662 629	1 517 343	40 305 851	51 173 719
Total By Customer Group	8 331 239	4 324 811	2 596 895	2 352 110	60 607 863	78 212 918

Debtors Analysis

The total debtors outstanding as at 31 October 2014 was R80 558 910; the total debtors outstanding at 30 November 2014 is R78 212 918, this is a decrease of R2 345 992 (2.9%) for the period.

Total outstanding debtors for more than 90 days amounts to R61.09 million as at 31 October 2014 and R62.96 million as at 30 November 2014, the increase for the period was R1.87 million.

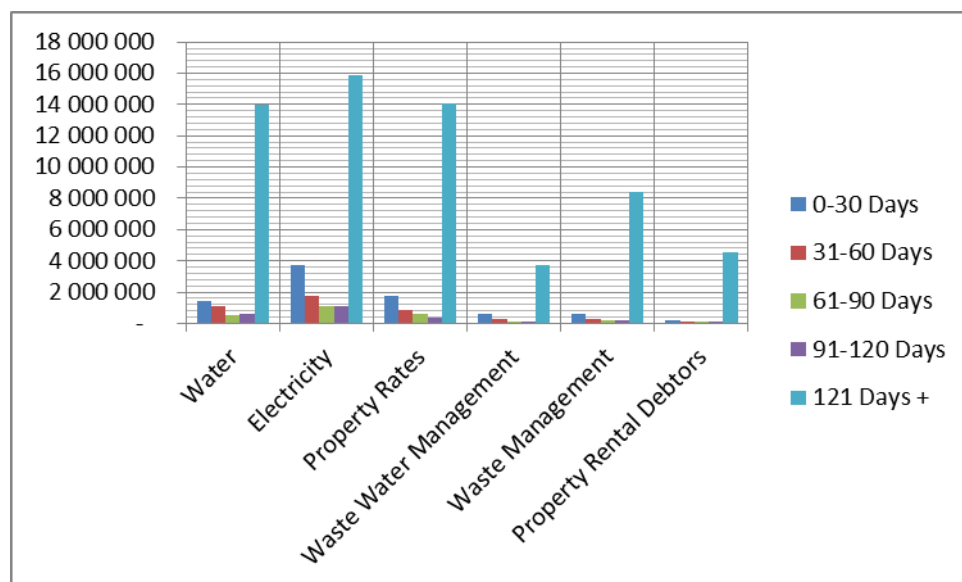
Total outstanding debtors for organs of state and commercial shows that R27 039 million outstanding at 30 November 2014 and for 31 October 2014 the amount outstanding was R30 538 million; this is an increase of R3 319 million.

Total services rendered outstanding amounts to R54 207 million as at 31 October 2014 and for 30 November 2014 R55 570 million this is an increase R1 363 million(2.51%).

Chart 8 – Debtors per revenue source

Debtors age analysis 30 November 2014						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 Days +	Total
Debtors Age Analysis By Income Source						
Water	1 429 641	1 077 076	482 756	574 538	13 975 199	17 539 210
Electricity	3 719 359	1 734 351	1 061 812	1 086 971	15 862 570	23 465 063
Property Rates	1 749 846	819 506	646 071	321 820	14 097 060	17 634 303
Waste Water Management	627 237	270 782	146 813	112 456	3 706 024	4 863 312
Waste Management	620 010	300 049	181 932	159 687	8 440 821	9 702 499
Property Rental Debtors	185 146	123 047	77 511	96 638	4 526 189	5 008 531
Total By Income Source	8 331 239	4 324 811	2 596 895	2 352 110	60 607 863	78 212 918

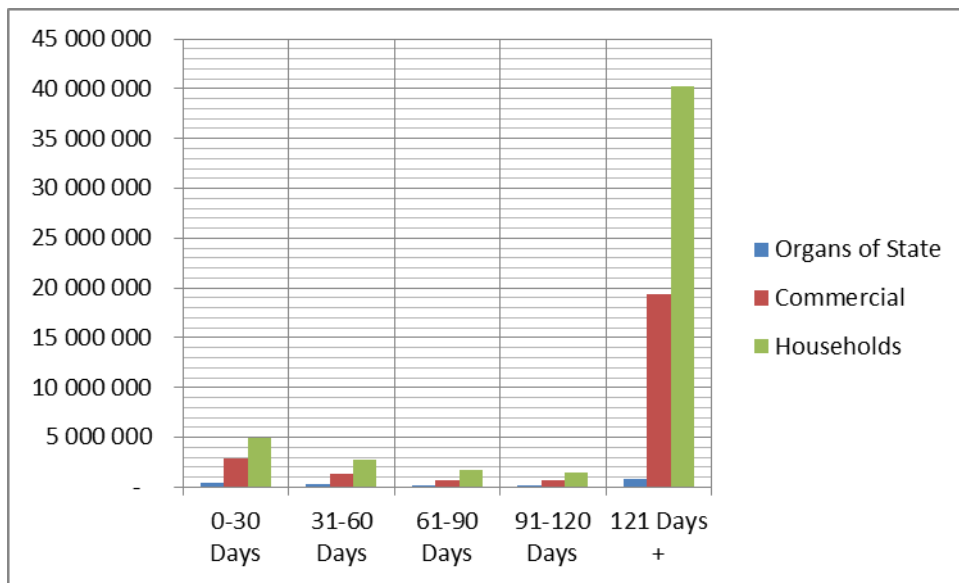
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 Days +	Total
Organs of State	470 314	283 797	178 843	103 226	870 976	1 907 156
Commercial	2 905 346	1 308 697	755 423	731 541	19 431 036	25 132 043
Households	4 955 579	2 732 317	1 662 629	1 517 343	40 305 851	51 173 719
Total By Customer Group	8 331 239	4 324 811	2 596 895	2 352 110	60 607 863	78 212 918

CHART 9

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



CREDITORS Age Analysis - Annexure B -Table SC4

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

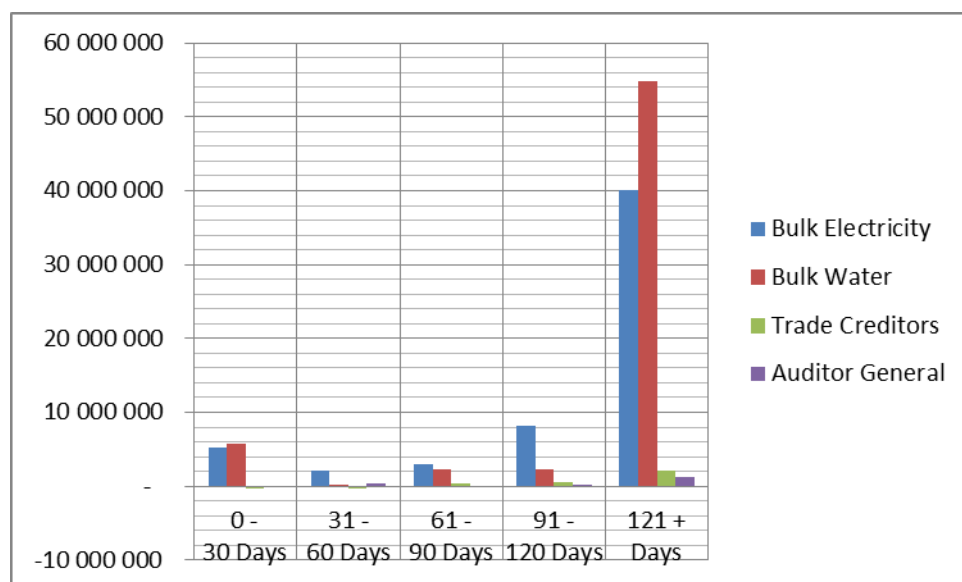
The following report shows the creditors outstanding at 30 November 2014

NC062 Nama Khoi - Supporting Table SC4 Monthly Budget Statement - aged creditors - M05 November						
Description	Budget Year 2014/15					
Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
Bulk Electricity	5 205 608	2 128 437	2 923 572	8 211 099	40 026 412	58 495 129
Bulk Water	5 740 595	210 282	2 212 305	2 368 221	54 812 090	65 343 494
Trade Creditors	-295 999	-354 061	463 810	585 292	2 112 023	2 511 065
Auditor General	-	319 866	-173 315	19 304	1 273 800	1 439 655
Total By Customer Type	10 650 205	2 304 524	5 426 372	11 183 916	98 224 326	127 789 344

Creditors Analysis

The municipality's creditors outstanding are illustrated above with Bulk Water (SEDIBENG) the highest, the amount outstanding is R65 343 494.

Chart 10



Creditors Age Analysis

The comparison for creditors outstanding between September 2014 and October 2014 are as follows:

Bulk Electricity –October, R58 495 million and November 2014 R58 495 million there is no movement in the outstanding amount.

Bulk Water –November, R65 343 million and October 2014 R59 602 million this means the amount outstanding increase by R5 741 million.

Trade Creditors – November, R2 511 million and October 2014 R2 308 million this means the amount increase by R203 thousand.

Auditor General – November 2014, R1 440 million and October 2014 R864 thousand this means the amount increased by R576 thousand

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

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

NAMA KHOI MUNICIPALITY
REPORT OUTSTANDING MONEY FOR NOVEMBER 2014

SERVICE POINTS	OUTSTANDING 31.10.14	ADD BILLINGS	MINUS INCOME	OUTSTANDING 30.11.14	Collection Rate for the month	Collection rate including all outstanding monies	INCREASING (DECREASING)	% INCREASE /(DECREA SE) (DALING)
A	B	C	D	E			F	G
RATES:								
Springbok	5 652 251.07	1 658 652.69	4 192 981.10	3 117 922.66	252.79%	57.35%	(2 534 328.41)	(44.84%)
Steinkopf	5 076 828.27	323 044.41	817 519.24	4 582 353.44	253.07%	15.14%	(494 474.83)	(9.74%)
Concordia*	1 971 143.19	154 269.75	654 651.93	1 470 761.01	424.36%	30.80%	(500 382.18)	(25.39%)
Komaggas	3 288 233.18	85 745.03	30 970.92	3 343 007.29	36.12%	0.92%	54 774.11	1.67%
Okiep	1 104 334.21	247 945.79	276 642.16	1 075 637.84	111.57%	20.46%	(28 696.37)	(2.60%)
Nababeep	860 125.59	251 194.34	302 904.02	808 415.91	120.59%	27.26%	(51 709.68)	(6.01%)
TOTAL RATES	17 952 915.51	2 720 852.01	6 275 669.37	14 398 098.15	230.65%	30.36%	(3 554 817.36)	(19.80%)
SERVICES:								
Springbok	3 772 761.88	5 187 149.06	4 925 494.92	4 034 416.02	94.96%	54.97%	261 654.14	6.94%
Steinkopf	6 304 413.89	572 537.40	288 170.36	6 588 780.93	50.33%	4.19%	284 367.04	4.51%
Concordia	3 564 334.36	882 683.82	491 566.21	3 955 451.97	55.69%	11.05%	391 117.61	10.97%
Komaggas	9 915 602.69	318 258.31	100 602.92	10 133 258.08	31.61%	0.98%	217 655.39	2.20%
Okiep	6 779 080.45	1 058 510.89	401 190.00	7 436 401.34	37.90%	5.12%	657 320.89	9.70%
Nababeep	13 170 095.50	892 742.53	510 205.33	13 552 632.70	57.15%	3.63%	382 537.20	2.90%
TOTAL SERVICES	43 506 288.77	8 911 882.01	6 717 229.74	45 700 941.04	75.37%	12.81%	2 194 652.27	5.04%
LANDSALES								
Springbok	50 938.37	1 610.44	1 327.30	51 221.51	82.42%	2.53%	283.14	0.56%
Steinkopf	145 799.32	320.19	100.00	146 019.51	31.23%	0.07%	220.19	0.15%
Concordia	117 482.16	3 920.89	2 752.33	118 650.72	70.20%	2.27%	1 168.56	0.99%
Komaggas	76 124.19	2 274.03	1 136.96	77 261.26	50.00%	1.45%	1 137.07	1.49%
Okiep	142 539.51	2 981.79	3 457.13	142 064.17	115.94%	2.38%	(475.34)	(0.33%)
Nababeep	22 492.41	1 107.62	2 683.88	20 916.15	242.31%	11.37%	(1 576.26)	(7.01%)
TOTAL LANDSALES	555 375.96	12 214.96	11 457.60	556 133.32	93.80%	2.02%	757.36	0.14%
GRAZINGFEES								
Springbok	9 872.48	3 016.78	2 896.14	9 993.12	96.00%	22.47%	120.64	1.22%
Steinkopf	797 098.69	49 041.58	27 317.09	818 823.18	55.70%	3.23%	21 724.49	2.73%
Concordia	319 277.57	27 546.42	23 689.33	323 134.66	86.00%	6.83%	3 857.09	1.21%
Komaggas	521 727.27	16 911.00	3 839.23	534 799.04	22.70%	0.71%	13 071.77	2.51%
Okiep	21 515.80	5 383.95	4 716.54	22 183.21	87.60%	17.53%	667.41	3.10%
Nababeep	12 373.20	1 320.37	2 182.67	11 510.90	165.31%	15.94%	(862.30)	(6.97%)
TOTAL GRAZINGFEES	1 681 865.01	103 220.10	64 641.00	1 720 444.11	62.62%	3.62%	38 579.10	2.29%
DIVERSE:								
Springbok	855 833.68	131 840.75	60 557.87	927 116.56	45.93%	6.13%	71 282.88	8.33%
Steinkopf	325 273.65	4 678.15	49 331.60	280 620.20	1054.51%	14.95%	(44 653.45)	(13.73%)
Concordia	106 453.29	13 782.23	5 355.86	114 879.66	38.86%	4.45%	8 426.37	7.92%
Komaggas	403 527.62	5 294.60	8 777.31	400 044.91	165.78%	2.15%	(3 482.71)	(0.86%)
Okiep	150 492.63	12 297.32	631.56	162 158.39	5.14%	0.39%	11 665.76	7.75%
Nababeep	394 597.12	9 045.37	906.79	402 735.70	10.02%	0.22%	8 138.58	2.06%
TOTAAL DIVERSE	2 236 177.99	176 938.42	125 560.99	2 287 555.42	70.96%	5.20%	51 377.43	2.30%
GROOT TOTAAL	65 932 623.24	11 925 107.50	13 194 558.70	64 663 172.04	110.65%	16.95%	(1 269 451.20)	(1.93%)
TOTAL SERVICESPOINTS								
Springbok	10 341 657.48	6 982 269.72	9 183 257.33	8 140 669.87	131.52%	53.01%	(2 200 987.61)	(21.28%)
Steinkopf	12 649 413.82	949 621.73	1 182 438.29	12 416 597.26	124.52%	8.70%	(232 816.56)	(1.84%)
Concordia	6 078 690.57	1 082 203.11	1 178 015.66	5 982 878.02	108.85%	16.45%	(95 812.55)	(1.58%)
Komaggas	14 205 214.95	428 482.97	145 327.34	14 488 370.58	33.92%	0.99%	283 155.63	1.99%
Okiep	8 197 962.60	1 327 119.74	686 637.39	8 838 444.95	51.74%	7.21%	640 482.35	7.81%
Nababeep	14 459 683.82	1 155 410.23	818 882.69	14 796 211.36	70.87%	5.24%	336 527.54	2.33%
TOTAL SERVICESPOINTS	65 932 623.24	11 925 107.50	13 194 558.70	64 663 172.04	110.65%	16.95%	(1 269 451.20)	(1.93%)

- **The report above states the collection rate of the municipality, there are two different collection rate illustrated:**
 - Collection rate for the month – The calculation is based on the current month billings versus the current month’s actual income received; which shows the municipality collected 110.65% for the month of November 2014.
 - Collection rate including all outstanding monies– The calculation take into consideration month billing plus the outstanding debt versus current actual money received; this means that the municipality are only collecting 16.95% of outstanding moneys at 30 November 2014.
- Please note the municipality must still engaged with service providers whereby the collection rate will be given per month without including previous debt.

Historical Collection rates illustrated below:

Rates

From the information above the municipality collected 57.35% in Springbok which was the highest collection rate; however the lowest collection rate was at 0.92% which was for Komaggas.

Services

From the information above the municipality collected 54.97% at Springbok which was the highest collection rate; however the lowest collection rate was at 0.98% which was for Komaggas.

Landsales

From the information above the municipality collected 11.37% at Nababeep which was the highest collection rate; however the lowest collection rate was at 0.07% which was for Steinkopf.

Grazing Fees

From the information above the municipality collected 22.47 %at Springbok which was the highest collection rate; however the lowest collection rate was at 0.71 % which was for Komaggas.

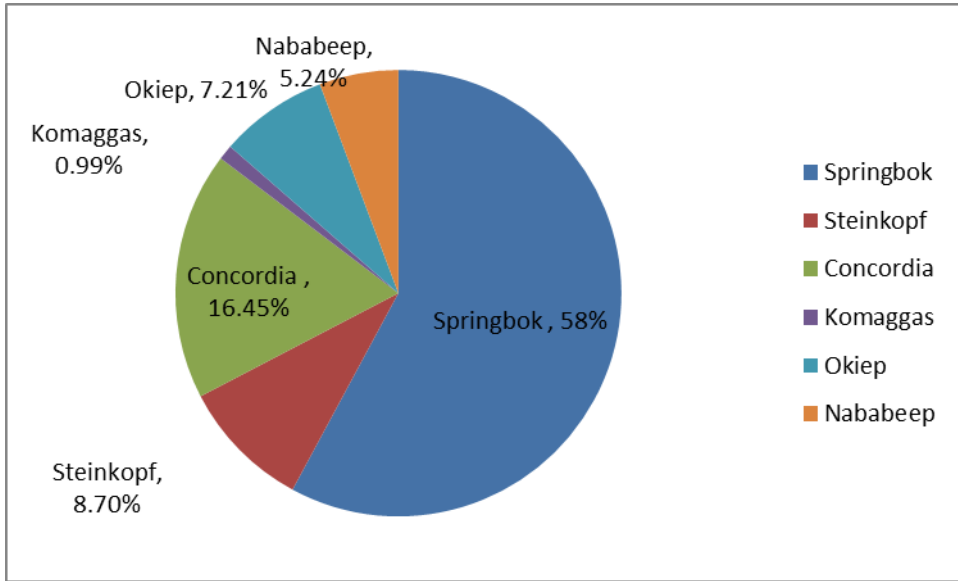
Diverse/other

From the information above the municipality collected 14.95% at Steinkopf which was the highest collection rate; however the lowest collection rate was at 0.22% which was for Okiep.

Service points

From the information above the municipality collected 53.01 % at Springbok which was the highest collection rate; however the lowest collection rate was at 0.99 % which was for Kommagas.

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



NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M05 November						
Summary of Employee and Councillor remuneration						
Budget Year 2014/15						
	Original Budget	November actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	3 199 726	255 641	1 243 845	1 333 219	-89 374	93%
Pension and UIF Contributions	479 959	11 052	55 258	199 983	-144 725	28%
Motor Vehicle Allowance	799 931	88 897	422 752	333 305	89 447	127%
Cellphone Allowance	381 631	18 807	91 103	159 013	-67 910	57%
Other benefits and allowances	65 340	Nil	Nil	27 225	-27 225	No Comp
Sub Total - Councillors	4 926 587	374 397	1 812 957	2 052 745	-239 787	88%
Senior Managers of the Municipality						
Basic Salaries and Wages	2 937 701	252 356	1 261 780	1 224 042	37 738	103%
Pension and UIF Contributions	309 042	36 553	182 763	128 767	53 995	142%
Medical Aid Contributions	134 446	19 339	96 696	56 019	40 677	173%
Motor Vehicle Allowance	689 364	68 904	344 520	287 235	57 285	120%
Cellphone Allowance	Nil	10 500	12 500	Nil	12 500	No Comp
Housing Allowances	5 736	1 044	4 956	2 390	2 566	207%
Other benefits and allowances	264 847	59 075	200 519	110 353	90 166	182%
Long service awards	Nil	Nil	16 569	Nil	16 569	No Comp
Sub Total - Senior Managers of Municipality	4 341 136	447 771	2 120 303	1 808 807	311 497	117%
Other Municipal Staff						
Basic Salaries and Wages	44 085 952	3 106 888	17 173 091	18 369 147	-1 196 056	93%
Pension and UIF Contributions	5 567 956	494 642	2 609 914	2 319 982	289 932	112%
Medical Aid Contributions	1 618 999	134 510	708 006	674 583	33 423	105%
Overtime	Nil	250 090	1 195 266	Nil	1 195 266	Nil
Motor Vehicle Allowance	3 963 246	249 648	1 342 640	1 651 353	-308 713	81%
Cellphone Allowance	Nil	16 573	40 710	-	40 710	
Housing Allowances	263 509	20 673	99 831	109 795	-9 965	91%
Other benefits and allowances	5 722 456	411 963	3 353 964	2 384 357	969 607	141%
Long service awards	Nil	21 265	88 632	Nil	88 632	Nil
Sub Total - Other Municipal Staff	61 222 119	4 706 253	26 612 053	25 509 216	1 102 837	104%
Total Parent Municipality	70 489 842	5 528 420	30 545 314	29 370 767	1 174 546	104%
Total Expenditure	209 794 960	18 542 124	90 633 069	81 522 537		
Total Employee Related Cost	65 563 255	5 154 024	28 732 357	27 318 023		
% Employee Related cost to Total Expenditure	31%	28%	32%	34%		

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

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

Nil – No amounts was budget or spent

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

Employee related cost to total expenditure % of an organisation should be at 25-40% of total expenditure, the ratio for the month of November 2014 is 28%. It must be noted that more than 50 employees has left employment at the end of September significantly bringing down the salary bill.

5. Financial Implications /Recommendations

Revenue by source:

The have a collection rate of over a 100% for the month of November it must be noted that that include outstanding monies. It must also be noted that the revenue for the month are higher than the expenditure for the month however the amount of revenue includes equitable share which means the actual revenue of the municipality for the month of November is actually R7429 594 versus a expenditure bill of R18 542 124.

Expenditure by type:

Municipal management should take time consulting within their departments discussing their plans for the year and stick to the plans, the problem that occurred throughout the previous year where spending was not as planned, each head of department are responsible for his or her respective budget and should take charge and start control their budgets. Municipal management must start to prioritise and must start examining expenditure in their budgets and not only except expenditure but try to expand revenue basis to ensure there will be funds available for the expenditure. Managers must inform their employees that the fact an item was budgeted does not mean that the funds are available for such expenditure. Managers should also not be ignored when it comes to legislation and the processes involve when certain expenditure needs to take place.

Capital Expenditure:

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

Cash Flow Statement:

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

Debtors Analysis

Municipalities deliver services to the community these services are costly which means the municipality needs to collect revenue for all services rendered. Legislation states municipalities needs to collect more revenue for water and electricity than what was spend to deliver these services to ensure sustainability, with Nama Khoi municipality having debtors outstanding for more than R80 million should be a worrying factor for management. Buy-in of Councillors as well as officials is needed to collect outstanding moneys.

Creditors Analysis

Legislation states that the municipality needs to pay creditors within 30 days, which means the municipality need to have a positive and healthy cash flow to ensure payment, debtors relates to a positive cash flow, it means if debtors do not pay creditors cannot be paid. Debtors keep increasing on a monthly basis and with debtors increasing and the low collection and taking into account that the municipality has more expenditure than revenue it will become impossible for the municipality to pay outstanding creditors.

Collection Rate

The low collection rate of the municipality starts the chain reaction of a negative cash flow at a municipality, it means if collection rates are low debtors outstanding will rise this will mean that the cash flow are hampered, which will result in the municipality having cash flow problems meaning the municipality will start having problems paying their creditors as stipulated by the legislation. The low collection rate of November 2014 shows that the debtors outstanding are still increasing bringing more cash flow problems and will increased creditors outstanding. At this stage focus should not only be to curb expenditure but to collected as much outstanding monies as possible and to created new revenue ventures to maintain the money expenditure bill. Senior Managers should inform their officials of the real situation facing the municipality and carelessness towards unnecessary expenditure needs to stop.

6. Interdepartmental and cluster impact

This report is prepared to achieve MFMA compliance.

7. Comments of the Head: Legal Services

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

8. Conclusion

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

PREPARED BY:

Heinri Cloete

Section Head: Financial Services

Budget & Treasury

DATE: 12 December 2014

NAMAKHOIMUNICIPALITY QUALITY CERTIFICATE

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

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

Print name:.....

Municipal Manager of Nama Khoi Municipality

Signature:.....

Date:.....

Annexure A

Reports and reportable matters

Monthly reports statements – Section 71 MFMA

(1) The accounting officer of a municipality must no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source
- (b) Actual borrowings
- (c) Actual expenditure per vote
- (d) Actual capital expenditure per vote
- (e) The amount of any allocations received
- (f) Actual expenditure on those allocations, excluding expenditure on –
 - (i) Its share of the local government equitable share, and
 - (ii) Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) When necessary, an explanation of –
 - (i) Any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) Any material variances from the service delivery and budget implementation plan; and
 - (iii) Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget

(2) The statement must include –

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

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

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

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

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

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

NAMA KHOI MUNICIPALITY SCHEDULE C MONTHLY BUDGET STATEMENT

General information and contact information

Main tables

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

Supporting Tables

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

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