



Nama Khoi Municipality

31 December 2014

The Mayor

MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): QUARTERLY REPORT FOR THE PERIOD ENDING 31 December (QUARTERLY BUDGET STATEMENT) – 2014/2015 FINANCIAL YEAR

1. PURPOSE

To comply with section 52 of the MFMA, by providing a quarterly statement on the implementation of the budget and financial state of affairs of the municipality to the Council, as legislated.

2. STRATEGIC OBJECTIVE

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

For the reporting period ending 31 December 2014, 30 days reporting limit expires on 30 January 2015.

3. REPORT FOR THE PERIOD ENDING 31 December 2014

This report is based upon financial information, as at 31 December 2014 and available at the time of preparation. The C Schedule is based on information from October 2014 to December 2014.

The financial results for the period ended 31 December 2014 are summarised as follows:

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

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

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NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter					
Description	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue By Source					
Property rates	32 343 145	-1 793 456	441 043	-2 234 498	-407%
Service charges - electricity revenue	67 377 952	15 993 175	16 244 487	-251 312	98%
Service charges - water revenue	32 502 068	6 794 596	8 425 517	-1 630 921	81%
Service charges - sanitation revenue	9 170 014	2 327 751	2 292 503	35 247	102%
Service charges - refuse revenue	10 957 065	2 323 343	2 739 266	-415 924	85%
Service charges - other	-	195 527	-	195 527	
Rental of facilities and equipment	2 001 898	246 801	505 224	-258 423	49%
Interest earned - external investments	624 300	245 543	156 075	89 468	157%
Interest earned - outstanding debtors	3 370 677	1 106 070	782 670	323 400	141%
Fines	273 406	50 180	68 352	-18 172	73%
Licences and permits	1 171 613	293 886	292 903	983	100%
Agency services	1 272 027	428 069	318 007	110 062	135%
Transfers recognised - operational	40 346 000	11 765 000	10 359 075	1 405 925	114%
Other revenue	6 641 655	184 866	1 790 307	-1 605 441	10%
Gains on disposal of PPE	5 500 000	-	5 500 000	-5 500 000	0%
Total Revenue (excluding capital transfers and contributions)	213 551 820	40 161 351	49 915 429	-9 754 079	80%
Expenditure By Type					
Employee related costs	65 563 255	15 472 677	16 390 814	-918 137	94%
Remuneration of councillors	4 926 587	1 119 156	1 231 647	-112 491	91%
Debt impairment	3 764 020	-	-	-	
Depreciation & asset impairment	5 419 667	-	-	-	
Finance charges	1 731 550	62 478	622 830	-560 352	10%
Bulk purchases	84 833 077	22 444 019	21 208 269	1 235 749	106%
Other materials	8 938 204	2 512 758	2 234 551	278 207	112%
Contracted services	994 365	770 724	248 591	522 133	310%
Transfers and grants	-	242 775	-	242 775	
Other expenditure	33 624 234	18 268 379	8 073 283	10 195 096	226%
Total Expenditure	209 794 960	60 892 965	50 009 985	10 882 980	122%
Surplus/(Deficit)	3 756 860	-20 731 615	-94 556	-20 637 059	

***Please take note of the following:**

YearTD actual – relates to the period October to December 2014

YearTD budget– relates to the period October to December 2014

YTD Variance – relates to the difference in the actual amount and the budget amount for the quarter.

Reasons for variances

The Major revenue variances against the budget are:

The property rates – the rebates for the period are higher than the revenue billed.

Service Charges Electricity has a variance of 2% in the second quarter, which is very good, however revenue billed doesn't mean actual cash received.

Service Charges water has a variance of 19 % in the second quarter; the municipal management must ensure that they don't budget for ghost accounts.

Service charges sanitation – the municipality have a variance of 2%, which is very good, however revenue billed doesn't mean actual cash received.

Service charges refuse removal – the municipality have a variance of 15%, the municipal management must ensure that they don't budget for ghost accounts

Service charges other were included under other revenue in the adopted budget in the actual monthly budget the figure is recognised under service chargers other bringing the variance.

Rental of facilities and equipment –the municipality did not have a proper lease register at the time of completion the budget, this is the reason why the municipality budget less than what was billed.

Interest on external investment is based on the previous year's figures and not on the current allocations that will be made to the municipality bringing the variance.

Interest on outstanding debtors is based on the previous year's figures, the variance is there because the debtors increase from the previous and the interest should also increase.

Fines and licences and permits and agency services have variances it is difficult to budget these items as they will differ from month to month as well as year to year.

Operating grant have a variance because the budget amount was calculated using the previous figures and not recorded in the statement of performance as it was gazetted.

The municipality did not budget to receive other income as it was budget, the sale of land did not realise.

The major expenditure variances against budget are:

Employee related cost have variance of 6 % this means the municipality spend less on employee related cost in the second quarter than what was budgeted, it must be noted that more than 50 officials left employed in the first quarter.

Remuneration of councillors has a variance of 9 % this means the municipality spend less than what was budgeted on this item.

Finance charges or interest paid – Correction need to be done as interest is recorded under other expenditure.

Bulk purchases water was more in the second quarter than what was budgeted.

Other material (repair and maintenance), department heads should be held accountable for repair and maintenance under their department and plan for accordingly per month and keep to that, the variance are there because the officials does not keep to the budgeted monthly amounts. As per discussion with Treasury all municipalities must develop a Repair and Maintenance strategy this will ensure the municipality budget accordingly and correctly.

Contract services should be calculated correctly and should not be based on previous year information as conditions might differ from year to year. Departments must take responsibility by timeously giving information at budget process time which will ensure month to month planning and budgets are correct.

Transfers and Grants should be corrected as the municipality can only record an amount there if the municipality makes contributions to other organs.

Other expenditure has variance of R10.2 million; the following items contribute to this: RDP housing, travelling & subsistence, revenue foregone, interest paid, fuel and oil.

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue) - Q2 Second Quarter					
Description	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue By Source					
Property rates	32 343 145	-1 793 456	441 043	-2 234 498	-407%
Service charges - electricity revenue	67 377 952	15 993 175	16 244 487	-251 312	98%
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Service charges - refuse revenue	10 957 065	2 323 343	2 739 266	-415 924	85%
Service charges - other	-	195 527	-	195 527	
Rental of facilities and equipment	2 001 898	246 801	505 224	-258 423	49%
Interest earned - external investments	624 300	245 543	156 075	89 468	157%
Interest earned - outstanding debtors	3 370 677	1 106 070	782 670	323 400	141%
Fines	273 406	50 180	68 352	-18 172	73%
Licences and permits	1 171 613	293 886	292 903	983	100%
Agency services	1 272 027	428 069	318 007	110 062	135%
Transfers recognised - operational	40 346 000	11 765 000	10 359 075	1 405 925	114%
Other revenue	6 641 655	184 866	1 790 307	-1 605 441	10%
Gains on disposal of PPE	5 500 000	-	5 500 000	-5 500 000	0%
Total Revenue (excluding capital transfers and contributions)	213 551 820	40 161 351	49 915 429	-9 754 079	80%

CHART 1

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

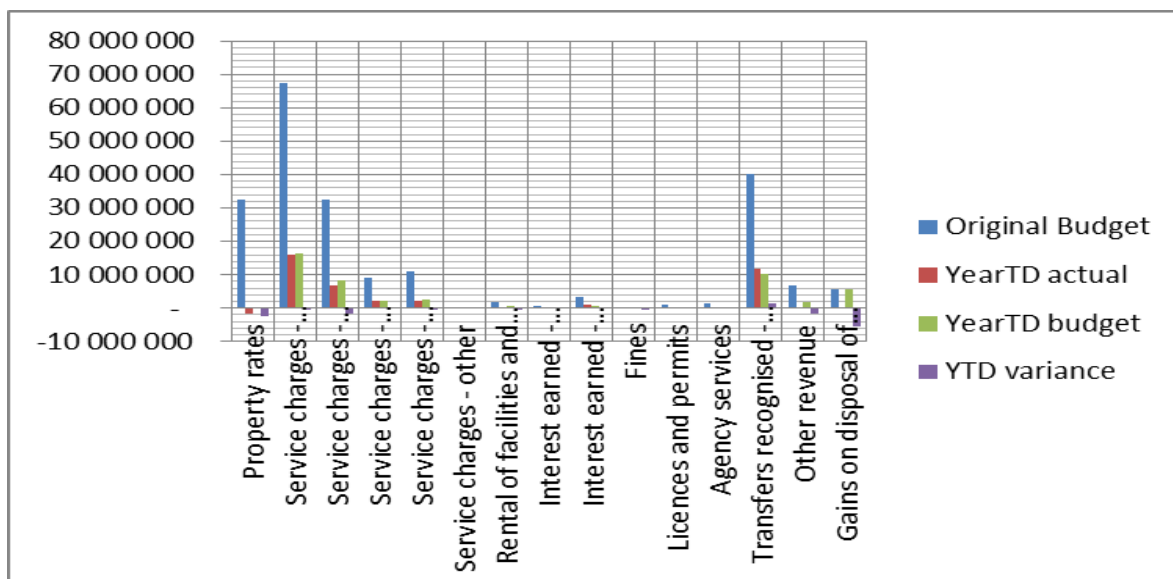
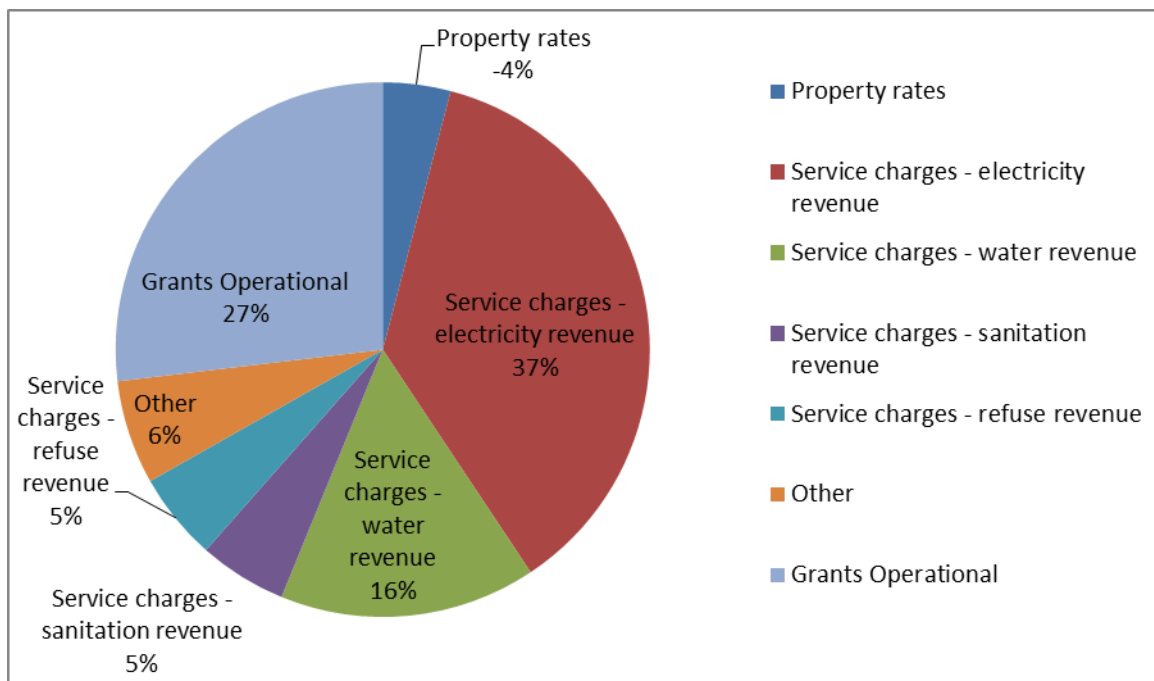


Chart 2

The following chart shows the revenue per source as a percentage to total revenue



Expenditure By Type	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Employee related costs	65 563 255	15 472 677	16 390 814	-918 137	94%
Remuneration of councillors	4 926 587	1 119 156	1 231 647	-112 491	91%
Debt impairment	3 764 020	-	-	-	
Depreciation & asset impairment	5 419 667	-	-	-	
Finance charges	1 731 550	62 478	622 830	-560 352	10%
Bulk purchases	84 833 077	22 444 019	21 208 269	1 235 749	106%
Other materials	8 938 204	2 512 758	2 234 551	278 207	112%
Contracted services	994 365	770 724	248 591	522 133	310%
Transfers and grants	-	242 775	-	242 775	
Other expenditure	33 624 234	18 268 379	8 073 283	10 195 096	226%
Total Expenditure	209 794 960	60 892 965	50 009 985	10 882 980	122%

CHART 3

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

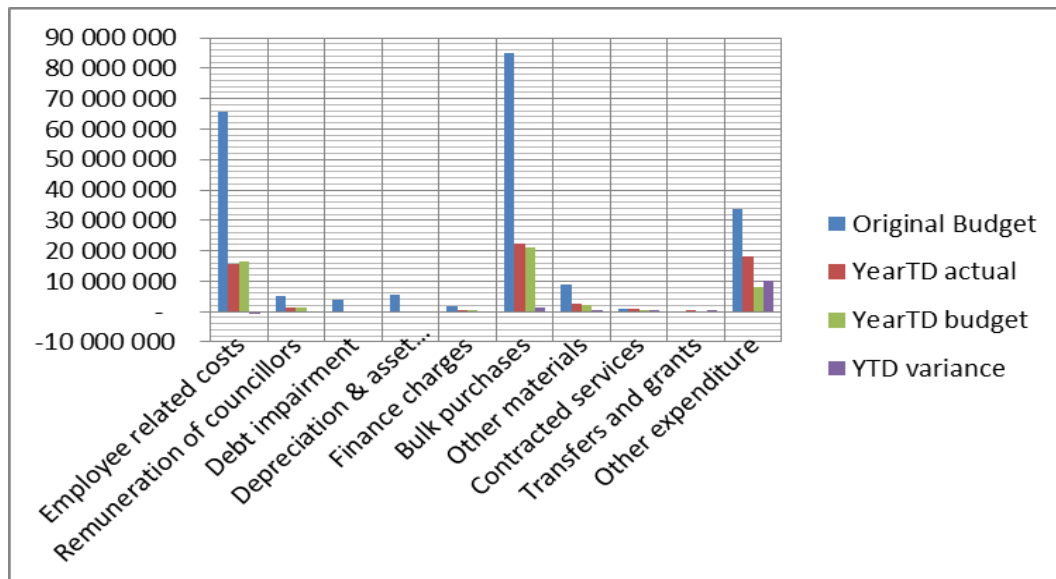
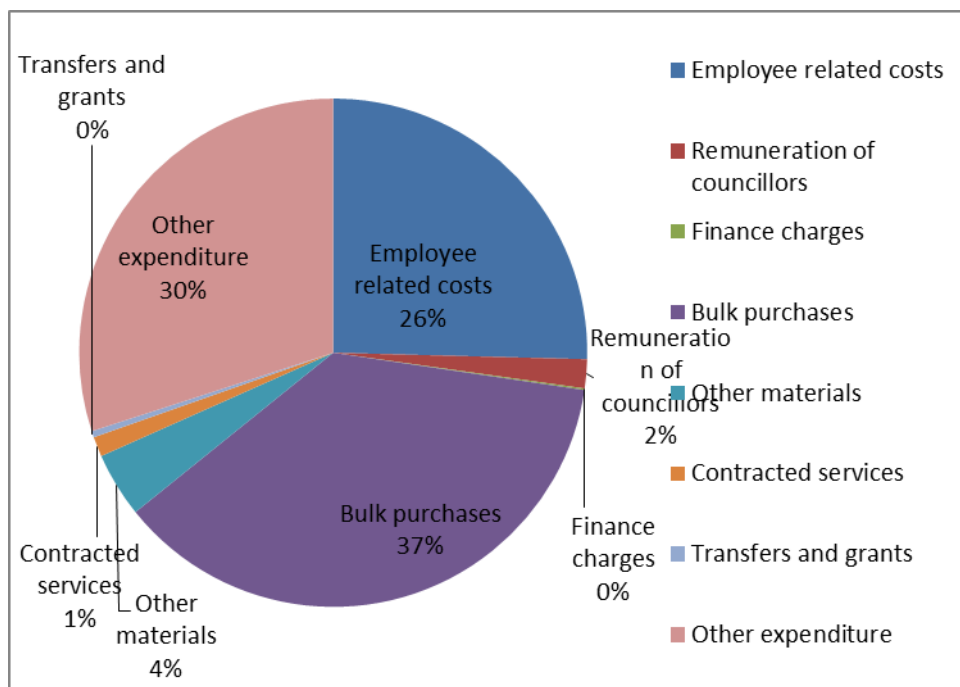


Chart 4

The following chart shows the expenditure per type percentage to total expenditure



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) - Q2					
Second Quarter					
Vote Description	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote					
Vote 1 - Municipal Manager	5 318 679	101 371	1 532 867	-1 431 496	7%
Vote 2 - Financial Services	60 014 936	11 357 395	7 375 565	3 981 830	154%
Vote 3 - Corporate Services	6 727 215	188 922	5 806 804	-5 617 882	3%
Vote 4 - Community Services: Community Development	21 484 133	2 614 120	5 078 626	-2 464 506	51%
Vote 5 - Community Services: Public Safety	2 711 541	735 319	679 262	56 057	108%
Vote 6 - Electrical Engineering Services	69 629 260	16 027 688	16 886 110	-858 422	95%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	9 136 538	12 556 196	-3 419 658	73%
Total Revenue by Vote	213 551 820	40 161 353	49 915 429	-9 754 076	80%
Expenditure by Vote					
Vote 1 - Municipal Manager	21 845 947	10 901 063	5 461 487	5 439 576	200%
Vote 2 - Financial Services	29 297 857	9 486 700	5 941 925	3 544 775	160%
Vote 3 - Corporate Services	13 154 123	3 976 928	3 288 531	688 397	121%
Vote 4 - Community Services: Community Development	17 513 618	3 348 024	3 739 563	-391 539	90%
Vote 5 - Community Services: Public Safety	6 491 700	1 461 420	1 622 925	-161 505	90%
Vote 6 - Electrical Engineering Services	62 345 639	13 923 836	15 406 281	-1 482 445	90%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	17 794 993	14 549 273	3 245 720	122%
Total Expenditure by Vote	209 794 960	60 892 964	50 009 985	10 882 979	122%
Surplus/ (Deficit) for the year	3 756 860	-20 731 611	-94 556	-20 637 055	

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue by municipal vote) - Q2 Second Quarter					
Vote Description	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote					
Vote 1 - Municipal Manager	5 318 679	101 371	1 532 867	-1 431 496	7%
Vote 2 - Financial Services	60 014 936	11 357 395	7 375 565	3 981 830	154%
Vote 3 - Corporate Services	6 727 215	188 922	5 806 804	-5 617 882	3%
Vote 4 - Community Services: Community Development	21 484 133	2 614 120	5 078 626	-2 464 506	51%
Vote 5 - Community Services: Public Safety	2 711 541	735 319	679 262	56 057	108%
Vote 6 - Electrical Engineering Services	69 629 260	16 027 688	16 886 110	-858 422	95%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	9 136 538	12 556 196	-3 419 658	73%
Total Revenue by Vote	213 551 820	40 161 353	49 915 429	-9 754 076	80%

Reasons for variances

Vote 1 – Municipal manager, the municipality split equitable share among the departments in the budget, the equitable share are receive in the budget and treasury department and was not split to the different departments (votes).

Vote 2 – Financial services, the municipality did not move the equitable share among the different departments (votes) as budgeted.

Vote 3- Corporate services, the variance are there because the sale of land and standings did not occur as budgeted.

Vote 4- Community development, the variance is there because of the following reasons: library grant was not received as it was budgeted, service charges refuse are less than what was budgeted, assessment rates for commonage is not billed as it was budgeted.

Vote 5 – Public safety , variance R56 thousand are there because the municipality cannot be certain when budgeting for fines and licences and permits as they will differ from month to month and year to year, however mistakes has been made when calculating the month to month budgets.

Vote 6 – Electrical engineering services, the variance of 5% can be seen as good, however revenue billed does not necessary mean cash earned.

Vote 7 – Infrastructure, Engineering and technical services, the variance is there because water services are not billed as budgeted; therefore it is important that all departments carefully calculate their monthly budgets.

CHART 5

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

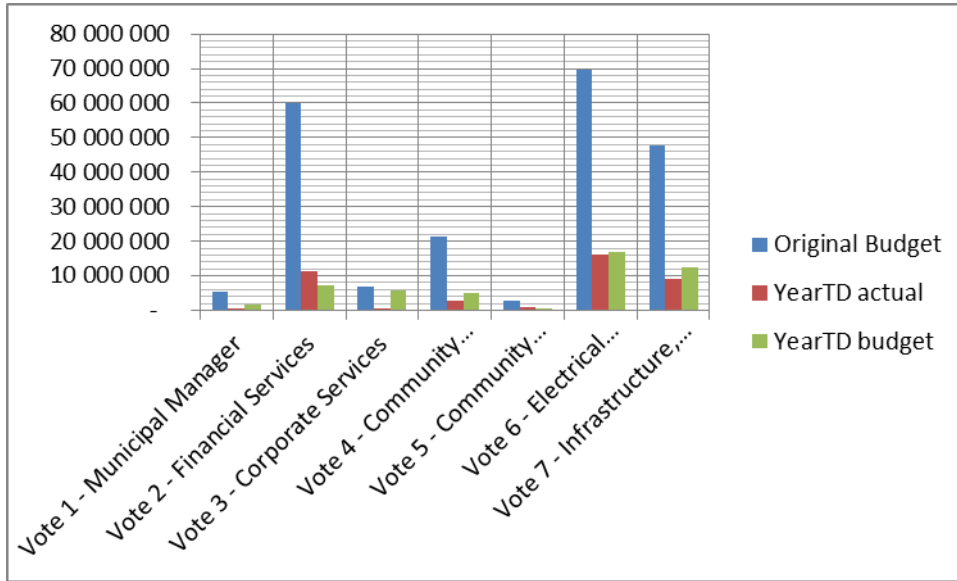
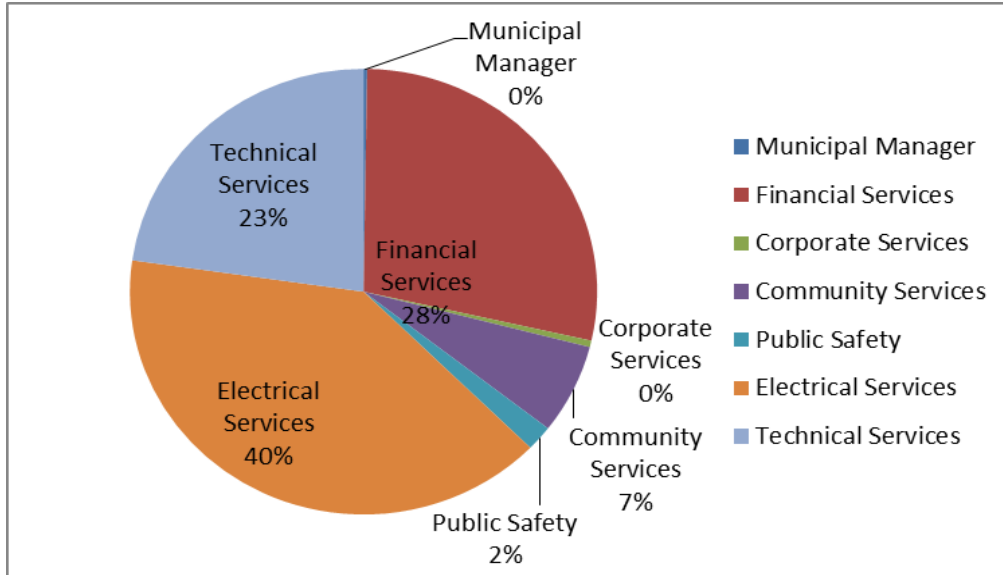


Chart 6

The following chart shows the revenue per department (vote)



Expenditure by Vote	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	21 845 947	10 901 063	5 461 487	5 439 576	200%
Vote 2 - Financial Services	29 297 857	9 486 700	5 941 925	3 544 775	160%
Vote 3 - Corporate Services	13 154 123	3 976 928	3 288 531	688 397	121%
Vote 4 - Community Services: Community Development	17 513 618	3 348 024	3 739 563	-391 539	90%
Vote 5 - Community Services: Public Safety	6 491 700	1 461 420	1 622 925	-161 505	90%
Vote 6 - Electrical Engineering Services	62 345 639	13 923 836	15 406 281	-1 482 445	90%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	17 794 993	14 549 273	3 245 720	122%
Total Expenditure by Vote	209 794 960	60 892 964	50 009 985	10 882 979	122%

Reasons for variances.

Vote 1 – Municipal Manager, the variance are because the RDP housing expenditure was not included in the original budget, this will be corrected. RDP housing will therefore have an expenditure budget and revenue budget.

Vote 2 – Financial services, the variance are there because revenue foregone (free basic services) are captured under budget & treasury although it should be split under the department service department. Interest paid is very high was still high in the second quarter.

Vote 3 – Corporate services, the variance are as result of the following items expenditure more than what was budgeted: Telephones, SETA training, operating & maintenance and licence fees

Vote 4 – Community services – Community develop, the variance are there because expenses on the following items are less than what was budgeted: landfill sites, fencing of commonage area.

Vote 5 – Public safety, the variance is as of result of the following:

Vote 6 – Electricity engineering services, the variance are as of result of the following: bulk purchases less than budgeted.

Vote 7 – Infrastructure, engineering and technical services, the variance are as result of Bulk Purchases Water and fuel and oil more than what was budgeted.

CHART 7

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

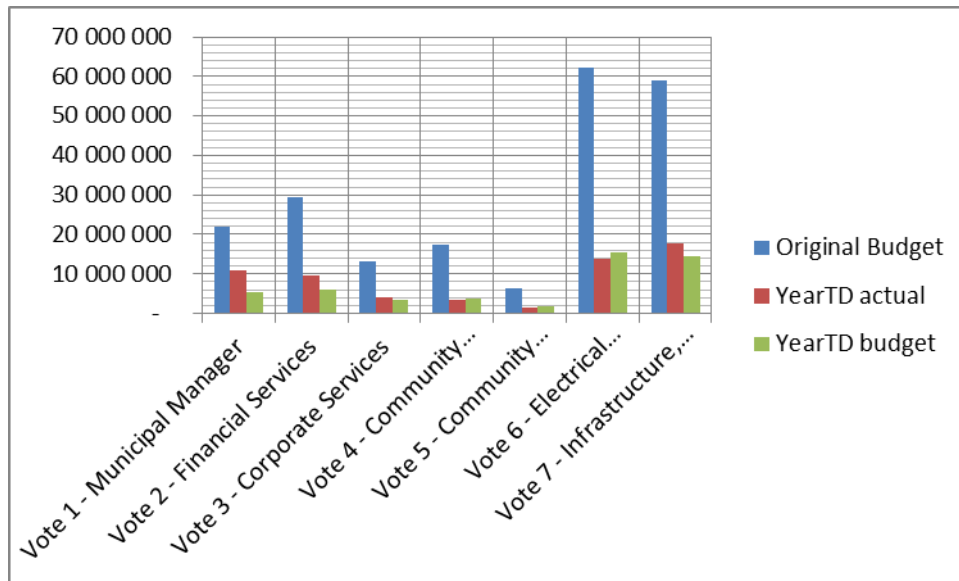
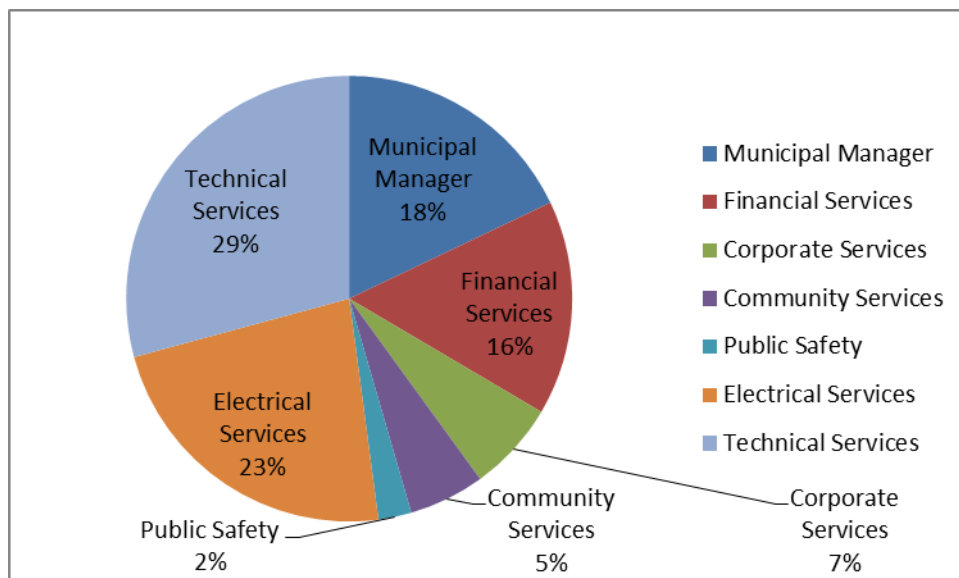


Chart 8

The following chart shows the expenditure by department (vote)



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 check page 3 for abbreviations**

The summary report below shows the capital funding sources

Capital Expenditure By Standard Second Quarter 2014-15					
Vote Description	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
Capital Expenditure - Standard Classification					
Sport and recreation	3 400 000	171 856	935 000	-763 144	18%
Road transport	10 579 000	1 409 951	2 909 225	-1 499 274	48%
Electricity	1 000 000	868 494	275 000	593 494	316%
Waste water management	2 000 000	1 010 793	550 000	460 793	184%
Total Capital Expenditure - Standard Classification	16 979 000	3 461 094	4 468 700	-1 007 606	77%
				-	
Funded by:				-	
National Government	16 979 000	3 461 094	4 468 700	-1 007 606	77%
Total Capital Funding	16 979 000	3 461 094	4 468 700	-1 007 606	77%

There was no detailed capital budget incorporated in the budget of 2014-15, therefore expenditure was divided quarterly. The municipality have 77% expenditure in the second quarter of the 2014-15 against the total capital budget of 2014-15, it must be highlighted that the Technical Department applied for a rollover and it was approved. This means the municipality capital budget will increase. The Technical Department must therefore table an adjusted capital budget with monthly budget projection; this capital budget must meet all the criteria as per National Treasury guidelines.

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter					
Description	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	158 915 888	67 412 052	39 845 726	27 566 326	169%
Government - operating	40 346 000	23 329 056	10 359 075	12 969 981	225%
Government - capital	16 979 000		4 659 667	-4 659 667	0%
Interest	3 795 229	1 275 021	948 807	326 214	134%
Dividends				-	
Payments					
Suppliers and employees	-198 326 370	-85 868 671	-49 200 431	36 668 240	175%
Finance charges	-206 903	-62 478	-62 414	64	100%
Transfers and Grants				-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 502 844	6 084 980	6 550 430	-465 450	93%
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	5 719 000		5 719 000	-5 719 000	0%
Payments					
Capital assets	-16 979 000	-2 438 964	-4 659 667	-2 220 702	52%
NET CASH FROM/(USED) INVESTING ACTIVITIES	-11 260 000	-2 438 964	1 059 333	3 498 298	-230%
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments					
Repayment of borrowing	-1 524 646	-561 234	-560 417	817	100%
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 524 646	-561 234	-560 417	817	100%
NET INCREASE/ (DECREASE) IN CASH HELD	8 718 198	3 084 782	7 049 347		
Cash/cash equivalents at beginning:	15 389 610	4 779 567	15 389 610		
Cash/cash equivalents at month/year end:	24 107 808	7 864 349	22 438 957		

***Please check page 3 for abbreviations**

Cash Flow Statement – Annexure B –C7 and SC9

The cash flow statement for the second quarter shows the municipality had a bank balance of R7 864 349 at 31 December 2014, when comparing to the budget figure it shows that the municipality budgeted to have R22 438 957. The reason for this huge difference is how the municipality treat Equitable Share when received. The municipality did not receive the cash for sale of land and stands as budgeted and furthermore the municipality spent less on capital expenditure.

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 September 2014

Debtors Age Analysis 30 September 2014						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 + Days	Total
Debtors Age Analysis By Income Source						
Water	1 440 810	917 098	443 160	486 891	13 168 814	16 456 773
Electricity	3 989 259	1 762 872	635 095	540 243	14 714 864	21 642 333
Property Rates	5 647 350	924 306	528 264	283 366	14 532 176	21 915 462
Waste Water Management	646 398	250 404	127 905	88 644	3 532 495	4 645 846
Waste Management	634 108	299 285	195 411	176 997	8 154 851	9 460 652
Other	149 439	184 776	76 866	47 003	4 415 202	4 873 286
Total By Income Source	12 507 364	4 338 741	2 006 701	1 623 144	58 518 402	78 994 352
					-	
Debtors Age Analysis By Customer Group						
Organs of State	3 731 636	243 477	120 521	22 646	1 052 822	5 171 102
Commercial	3 303 979	1 583 633	823 282	630 502	18 705 609	25 047 005
Households	5 471 749	2 511 631	1 062 898	969 996	38 759 971	48 776 245
Total By Customer Group	12 507 364	4 338 741	2 006 701	1 623 144	58 518 402	78 994 352

Debtors Age Analysis 31 December 2014						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 + Days	Total
Debtors Age Analysis By Income Source						
Water	2 688 590	618 336	614 318	411 931	14 095 544	18 428 719
Electricity	3 333 242	1 675 114	1 097 178	1 020 529	16 983 469	24 109 532
Property Rates	1 738 613	823 101	397 572	557 790	14 306 909	17 823 985
Waste Water Management	643 660	270 820	145 073	124 918	3 790 670	4 975 141
Waste Management	626 593	302 316	172 780	157 184	8 577 993	9 836 866
Property Rental Debtors	140 829	152 111	88 260	66 950	4 618 373	5 066 523
Total By Income Source	9 171 527	3 841 798	2 515 181	2 339 302	62 372 958	80 240 766
					-	
Debtors Age Analysis By Customer Group						
Organs of State	573 904	189 854	95 304	143 517	893 882	1 896 461
Commercial	2 553 831	1 419 907	692 173	665 501	20 018 141	25 349 553
Households	6 043 792	2 232 037	1 727 704	1 530 284	41 460 935	52 994 752
Total By Customer Group	9 171 527	3 841 798	2 515 181	2 339 302	62 372 958	80 240 766

Debtors Analysis

The total debtors outstanding at 30 September 2014 were R78 994 352; the total debtors outstanding at 31 December 2014 were R80 240 766, this is an increase of R1 246 414 (1.58%) for the quarter.

Total outstanding debtors for the more than 90 days amounts to R60 142 million at 30 September 2014 and for 30 June 2014 it was R64 712 million, this means the debtors

outstanding for more than 90 days increase from September to December 2014, meaning the municipality are not collecting old debt.

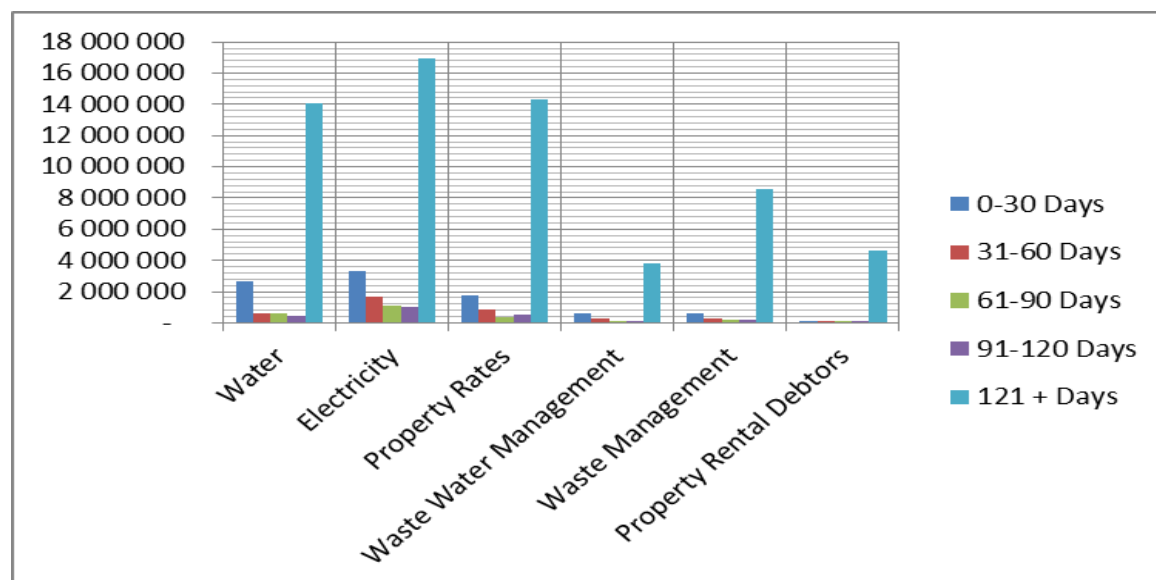
Total outstanding debtors for organs of state and commercial amounts to R20 912 023; this amount to 26% of outstanding moneys owed by debtors, the income department needs to analyse this figure as the municipality should be able to collect money from business and organs of state..

The municipality needs to identify if the R80 240 766 are correct and that all outstanding debt can be link to a debtor; furthermore the municipality needs to identify what portion can be collected and in what time frame it can be collected. The municipality need to set specific dates to collect specific amounts of the outstanding debt and use the collected monies to dent the huge outstanding creditor bill.

Debtors Age Analysis 31 December 2014						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 + Days	Total
Debtors Age Analysis By Income Source						
Water	2 688 590	618 336	614 318	411 931	14 095 544	18 428 719
Electricity	3 333 242	1 675 114	1 097 178	1 020 529	16 983 469	24 109 532
Property Rates	1 738 613	823 101	397 572	557 790	14 306 909	17 823 985
Waste Water Management	643 660	270 820	145 073	124 918	3 790 670	4 975 141
Waste Management	626 593	302 316	172 780	157 184	8 577 993	9 836 866
Property Rental Debtors	140 829	152 111	88 260	66 950	4 618 373	5 066 523
Total By Income Source	9 171 527	3 841 798	2 515 181	2 339 302	62 372 958	80 240 766

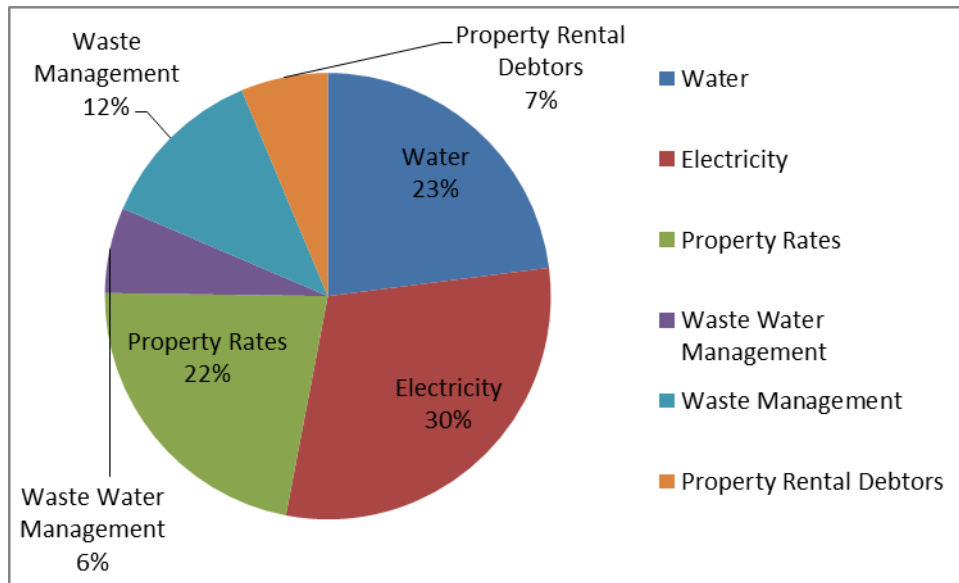
Chart 9 – Debtors per revenue source

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



The following chart shows the different service outstanding by debtors

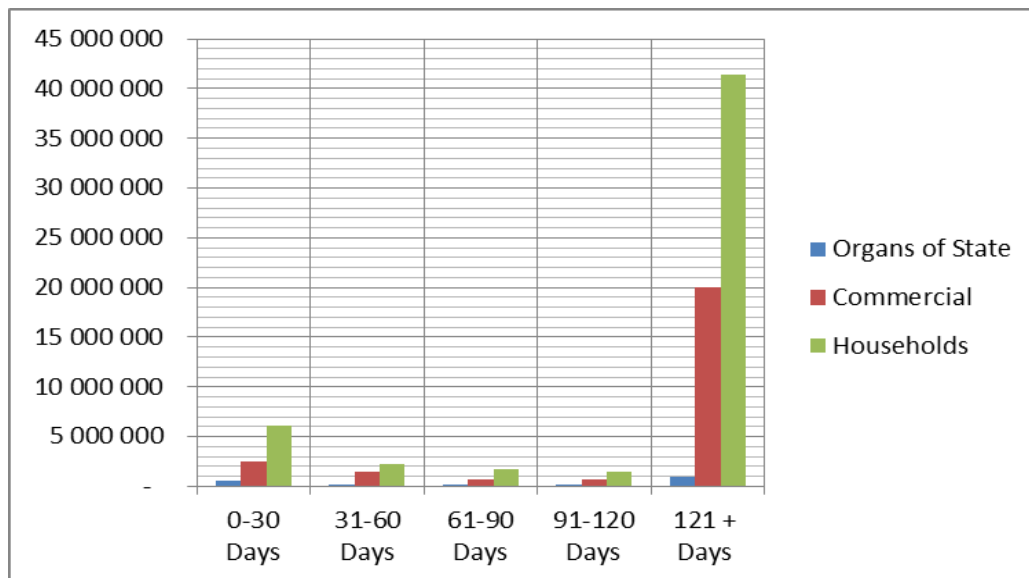
CHART 10



Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 + Days	Total
Organs of State	573 904	189 854	95 304	143 517	893 882	1 896 461
Commercial	2 553 831	1 419 907	692 173	665 501	20 018 141	25 349 553
Households	6 043 792	2 232 037	1 727 704	1 530 284	41 460 935	52 994 752
Total By Customer Group	9 171 527	3 841 798	2 515 181	2 339 302	62 372 958	80 240 766

CHART 11

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



Creditors age analysis – Annexure B SC4

NC062 Nama Khoi - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter						
Description	Budget Year 2014/15					Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	
Creditors Age Analysis By Customer Type						
Bulk Electricity	7 334 046	-	10 890 185	5 825 914	38 763 207	62 813 351
Bulk Water	-2 134 031	2 368 221	2 092 152	-81 827	54 935 796	57 180 311
Trade Creditors	-131 912	861 871	-289 565	478 116	2 822 132	3 740 643
Auditor General	-400 000	-	41 299	-701 713	1 925 122	864 708
Total By Customer Type	4 668 104	3 230 092	12 734 071	5 520 490	98 446 257	124 599 013

NC062 Nama Khoi - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q2 Second Quarter						
Description	Budget Year 2014/15					Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 Days +	
Creditors Age Analysis By Customer Type						
Bulk Electricity	4 375 970	-2 977 337	4 182 574	-1 444 503	54 358 426	58 495 129
Bulk Water	2 933 281	2 820 928	210 282	2 212 305	57 180 311	65 357 107
Trade Creditors	1 225 385	-1 183 081	-787 982	719 128	3 460 198	3 433 648
Auditor General	-	-	319 866	-173 315	1 293 104	1 439 655
Total By Customer Type	8 534 636	-1 339 490	3 924 740	1 313 615	116 292 040	128 725 540

Creditors Analysis

The creditors outstanding at 30 September 2014 was at R124 599 013 and the creditors outstanding at 31 December 2014 were at R128 725 540, this is an increase of R4 126 527 million (3.3%) from the previous quarter.

The biggest creditors are Eskom (Electricity) at R58 495 129 (R62 813 351 at 30 September 2014) and Sedibeng (Water) R65 357 107 (R57 180 311 at 30 September 2014). Creditors have increased by R4.1 million in the second quarter of the 2014-15. The municipality have an average collection rate of 14.97% for the 2nd quarter when considering all outstanding debt. The municipality had entered into an agreement with Eskom and will not be paying any interest. This will help the municipality as interest was as much as a R1 million per month.

Collection Rate

	October	November	December
SERVICE POINTS	Collection Rate including all outstanding monies	Collection rate including all outstanding monies	Collection rate including all outstanding monies
RATES:			
Springbok	35.31%	57.35%	36.06%
Steinkopf	4.52%	15.14%	4.19%
Concordia	8.58%	30.80%	8.75%
Komaggas	0.51%	0.92%	0.50%
Okiep	13.95%	20.46%	13.49%
Nababeep	20.88%	27.26%	22.80%
TOTAL RATES	17.97%	30.36%	14.80%
SERVICES:			
Springbok	59.18%	54.97%	54.06%
Steinkopf	5.30%	4.19%	4.97%
Concordia	18.55%	11.05%	10.60%
Komaggas	1.67%	0.98%	0.90%
Okiep	5.31%	5.12%	6.00%
Nababeep	5.92%	3.63%	4.29%
TOTAL SERVICES	15.55%	12.81%	12.33%
LANDSALES			
Springbok	3.86%	2.53%	3.04%
Steinkopf	0.00%	0.07%	0.27%
Concordia	0.64%	2.27%	0.83%
Komaggas	0.00%	1.45%	0.00%
Okiep	1.86%	2.38%	3.10%
Nababeep	8.28%	11.37%	14.11%
TOTAL LANDSALES	1.34%	2.02%	1.87%
GRAZINGFEES			
Springbok	23.60%	22.47%	22.88%
Steinkopf	3.86%	3.23%	3.87%
Concordia	7.44%	6.83%	6.98%
Komaggas	1.13%	0.71%	0.77%
Okiep	17.12%	17.53%	16.40%
Nababeep	18.10%	15.94%	14.92%
TOTAL GRAZINGFEES	4.21%	3.62%	3.94%
Other			
Springbok	10.80%	6.13%	8.50%
Steinkopf *	6.19%	14.95%	4.63%
Concordia **	21.46%	4.45%	3.16%
Komaggas	0.03%	2.15%	0.18%
Okiep	0.44%	0.39%	0.02%
Nababeep	1.19%	0.22%	0.21%
Total Other	6.67%	5.20%	4.33%
Grand Total	15.60%	16.95%	12.35%
TOTAL SERVICES POINTS			
Springbok	45.59%	53.01%	44.50%
Steinkopf	4.87%	8.70%	4.55%
Concordia	14.76%	16.45%	9.63%
Komaggas	1.33%	0.99%	0.78%
Okiep	6.47%	7.21%	6.84%
Nababeep	6.87%	5.24%	5.40%
Grand Total	15.60%	16.95%	12.35%

NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q2 Second Quarter					
Summary of Employee and Councillor remuneration	Budget Year 2014/15				
	Original Budget	YearTD actual	YearTD budget	YTD variance	% Variance
Councillors (Political Office Bearers plus Other)					
Basic Salaries and Wages	3 199 726	766 923	799 931	-33 008	96%
Pension and UIF Contributions	479 959	33 155	119 990	-86 835	28%
Motor Vehicle Allowance	799 931	262 657	199 983	62 674	131%
Cellphone Allowance	381 631	56 421	95 408	-38 987	59%
Other benefits and allowances	65 340		16 335	-16 335	0%
Sub Total - Councillors	4 926 587	1 119 155	1 231 647	-112 491	91%
Senior Managers of the Municipality					
Basic Salaries and Wages	2 937 701	757 068	734 425	22 643	103%
Pension and UIF Contributions	309 042	109 658	77 260	32 397	142%
Medical Aid Contributions	134 446	58 018	33 611	24 406	173%
Motor Vehicle Allowance	689 364	206 712	172 341	34 371	120%
Cellphone Allowance		14 500	-	14 500	
Housing Allowances	5 736	3 132	1 434	1 698	218%
Other benefits and allowances	264 847	148 685	66 212	82 473	225%
Sub Total - Senior Managers of Municipality	4 341 136	1 297 772	1 085 284	212 488	120%
Other Municipal Staff					
Basic Salaries and Wages	44 085 952	9 387 947	11 021 488	-1 633 541	85%
Pension and UIF Contributions	5 567 956	1 490 355	1 391 989	98 366	107%
Medical Aid Contributions	1 618 999	405 256	404 750	506	100%
Overtime	-	765 832	-	765 832	
Motor Vehicle Allowance	3 963 246	755 044	990 812	-235 768	76%
Cellphone Allowance	-	32 219	-	32 219	
Housing Allowances	263 509	62 500	65 877	-3 377	95%
Other benefits and allowances	5 722 456	1 565 011	1 430 614	134 396	109%
Long service awards	-	35 122	-	35 122	
Sub Total - Other Municipal Staff	61 222 119	14 499 285	15 305 530	-806 244	95%
Total Parent Municipality	70 489 842	16 916 213	17 622 460	-706 247	96%
Total Employee Related Cost	65 563 255	15 797 058	16 390 814		
Total Expenditure	209 794 960	60 892 965	50 009 985		
%Employee Related cost to Total Expenditure	31%	26%	33%		

Employee related Cost

The percentage of employee related cost against total expenditure was at 26 % for the 2nd Quarter of 2014-15.

*Please note that actual expenditure is higher than what was budget, this means if the actual salary bill are measured against the budgeted expenditure the ratio rise to 32%.

Total Council Remuneration shows the municipality paid 9% less than what was budget.

Senior managers show that the municipality paid 20% more than what was budgeted.

Other municipal Staff shows that the municipality paid 5% less than was budgeted.

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4. Financial Implications / recommendations

Revenue by source:

Revenue should be budgeted in an effective and correct manner, revenue budget should also be realistic as it will give the municipality an idea what is available to spend in the year. Revenue of service charges should be based on the debtor's accounts of the municipality; therefore each and every user of municipal services should be billed and that revenue should be budgeted. The revenue budgeted should be collected as the expenditure budget is based on the revenue budget.

Expenditure by type:

Expenditure should be budgeted per department, each department head is responsible for their department and should ensure that they keep to their planned monthly expenditure. All expenditure should be captured correctly and updated on time to have a real reflection on the monthly expenditure. Municipal management should plan for all their different items prior to the adoption of the final budget to avoid unauthorised expenditure. Service departments must collect more revenue to support departments with no or low revenue ventures. Expenditure budget must be reflective of the available revenue and the municipal management cannot increase the revenue budget with revenue items that might not occur in the year to support the expenditure budget.

Capital Expenditure:

Capital expenditure is the face of the municipality to the community; all the projects Capital Budget must be on the Municipality's IDP. The municipal management must ensure that the Capital Budget are aligned to all the requirements of the National Treasury, capital budget should be monitored, monthly and quarterly reports should be presented to Council.

Cash Flow Statement:

The cash flow statement gives the true reflection of the municipality affairs, money billed does not mean cash received; therefore more time should be spent on the Municipality's Cash Flow Statement. Collection of old outstanding monies must improve. Budgeting of items that does not result in cash should be avoided. Monthly expenditure should be as planned and must be adapted to the available cash.

Debtors' age analysis

As discussed above the debtors are increasing which means the municipality's ability to pay creditors is hampered on a monthly basis as debtors are increasing. Management should try more innovative measures for collecting revenue from outstanding debtors.

Creditors Analysis

The creditors outstanding of municipality depends on the municipality's ability to generate income and collecting monies from outstanding debtors, as the debtors are still rising on a rapid

pace the impact are direct on the creditors as the municipality will not have enough to cover their which is the case at this moment.

5. Interdepartmental and cluster impact

This report is prepared to achieve MFMA compliance.

6. Comments of the Head: Legal Services

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

7. Conclusion

This report is in accordance compliance of section 52 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: 30 January 2014

NAMA KHOI MUNICIPALITY QUALITY CERTIFICATE

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

- the quarterly report on the implementation of the budget and financial state affairs of the municipality for the quarter ending 31 December 2014 has been prepared in accordance with the Section 52 of the Municipal Finance Management Act and regulations made under that Act.

Print name:.....

Municipal Manager of Nama Khoi Municipality

Signature:.....

Date:.....

Annexure A

Reports and reportable matters

The Mayor of a municipality –

- (a) must provide general political guidance, over the fiscal and financial affairs of the municipality.
- (b) In providing such general political guidance, may monitor and to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
- (c) Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget
- (d) Must, within 30 days report to the council on the implementation of the budget and the financial state of affairs of the municipality; and
- (e) Must exercise the other powers and perform the other duties assigned to the Mayor in terms of this Act or delegated by the council to the Mayor

NAMA KHOI MUNICIPALITY SCHEDULE C MONTHLY BUDGET STATEMENT

General information and contact information

Please note that the information on the C Schedule is for the period January 2013 to March 2013

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
Attachments:	C – SCHEDULE
	Additional Information