



Nama Khoi Municipality

14 August 2014

The Mayor

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING
31 July 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 31 July 2014, ten working days reporting limit expires on 14 August 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 31 July 2014

This report is based upon financial information, as at 31 July 2014 and available at the time of preparation.

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

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

. The summary report indicates the following

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NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July							
Description	Original Budget	July actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue By Source							
Property rates	32 343 145	37 305 208	37 305 208	30 725 988	6 579 220	121%	4 962 063
Service charges - electricity revenue	67 377 952	5 127 440	5 127 440	6 214 829	-1 087 390	83%	-62 250 512
Service charges - water revenue	32 502 068	982 833	982 833	2 408 506	-1 425 673	41%	-31 519 235
Service charges - sanitation revenue	9 170 014	757 388	757 388	764 168	-6 779	99%	-8 412 625
Service charges - refuse revenue	10 957 065	786 521	786 521	913 089	-126 568	86%	-10 170 544
Service charges - other	Nil	67 937	67 937	Nil	67 937	No Comp	No Comp
Rental of facilities and equipment	2 001 898	-228 831	-228 831	172 310	-401 141	-133%	-2 230 729
Interest earned - external investments	624 300	53 435	53 435	52 025	1 410	103%	-570 865
Interest earned - outstanding debtors	3 370 677	305 398	305 398	200 890	104 508	152%	-3 065 279
Fines	273 406	12 924	12 924	22 784	-9 860	57%	-260 482
Licences and permits	1 171 613	185 447	185 447	97 634	87 813	190%	-986 166
Agency services	1 272 027	60 594	60 594	106 002	-45 408	57%	-1 211 432
Transfers recognised - operational	40 346 000	13 970 000	13 970 000	4 051 000	9 919 000	345%	-26 376 000
Other revenue	6 641 655	62 864	62 864	596 769	-533 905	11%	-6 578 791
Gains on disposal of PPE	5 500 000	Nil	Nil	Nil	Nil	No Comp	-5 500 000
Total Revenue (excluding capital transfers and contributions)	213 551 820	59 449 159	59 449 159	46 325 994	13 123 164	128%	-154 102 662
							-
Expenditure By Type							-
Employee related costs	65 563 255	5 785 444	5 785 444	5 463 605	321 839	106%	-59 777 811
Remuneration of councillors	4 926 587	340 053	340 053	410 549	-70 496	83%	-4 586 534
Debt impairment	3 764 020	Nil	Nil	Nil	Nil	No Comp	3 764 020
Depreciation & asset impairment	5 419 667	Nil	Nil	Nil	Nil	No Comp	5 419 667
Finance charges	1 731 550	39 492	39 492	45 897	-6 405	86%	-1 692 058
Bulk purchases	84 833 077	4 817 259	4 817 259	7 069 423	-2 252 164	68%	-80 015 818
Other materials	8 938 204	80 400	80 400	744 850	-664 450	11%	-8 857 804
Contracted services	994 365	38 756	38 756	82 864	-44 108	47%	-955 609
Other expenditure	33 624 234	3 192 925	3 192 925	2 442 129	750 796	131%	-30 431 310
Total Expenditure	209 794 960	14 294 329	14 294 329	16 259 316	-1 964 987	88%	-195 500 631

Explanations on table

***Please note the following:**

YearTD – refers to Year-to-date (July 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.

Budget left for the year:

Revenue – The positive amount shows the amount the municipality did not bill for the year.

- Negative amount shows the municipality already billed more for the year than the budget.

Expenditure –The positive amount shows the amount municipality can still spend for the year.

- Negative amount shows the municipality already spend more for the year than the 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.

The municipality billed 128% of revenue; this means the municipality planning does not align to the daily operation.

Property Rates –the property rates billed is more than the budgeted amount as well as the entire budget. 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.

Service charges electricity- there is a variance of 17%, this means the municipality over budget for this service for the month of July 2014.

Service charges water – The municipality billed only 41% 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 are.

Service charges sanitation – The municipality have a variance of 1%, 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.

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 budgeted to receive the equitable share in August 2014, it was received in July 2014.

Other revenue – the variance shows the municipality billed only 11%.

The major expenditure variances against budget are:

Employee related cost – the variance of 6% 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 R70 thousand less than budgeted.

Finance charges – the municipality made provision for interest on loan repayments, however the municipality does have interest outstanding, at the time of completion of the report not all interest were captured which wouldve change the variance.

Bulk purchases should also be calculated by the expenditure department as information is not timely captured and therefore the previous year's information not reliable Bulk purchases for water was not captured at the time of completion of report which wouldve change the variance.

Other materials – repair and maintenance shows the municipality spend only 11% on repair and maintenance, however the municipality must start monitoring repair and maintenance of vehicles. Reports per vehicle will be made available from the month of August reporting.

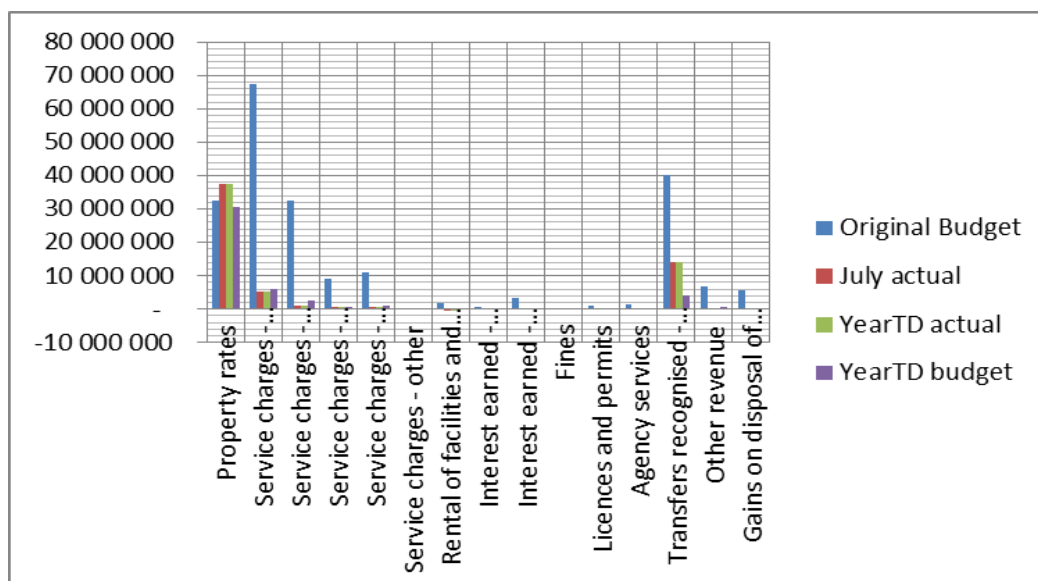
Contract service and transfers and grants needs to be calculated not only the yearly total, budget the month to month amount should be planned correctly.

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.

Revenue By Source	Original Budget	July actual	YearTD actual	YearTD budget
Property rates	32 343 145	37 305 208	37 305 208	30 725 988
Service charges - electricity revenue	67 377 952	5 127 440	5 127 440	6 214 829
Service charges - water revenue	32 502 068	982 833	982 833	2 408 506
Service charges - sanitation revenue	9 170 014	757 388	757 388	764 168
Service charges - refuse revenue	10 957 065	786 521	786 521	913 089
Service charges - other		67 937	67 937	
Rental of facilities and equipment	2 001 898	-228 831	-228 831	172 310
Interest earned - external investments	624 300	53 435	53 435	52 025
Interest earned - outstanding debtors	3 370 677	305 398	305 398	200 890
Fines	273 406	12 924	12 924	22 784
Licences and permits	1 171 613	185 447	185 447	97 634
Agency services	1 272 027	60 594	60 594	106 002
Transfers recognised - operational	40 346 000	13 970 000	13 970 000	4 051 000
Other revenue	6 641 655	62 864	62 864	596 769
Gains on disposal of PPE	5 500 000			

CHART 1

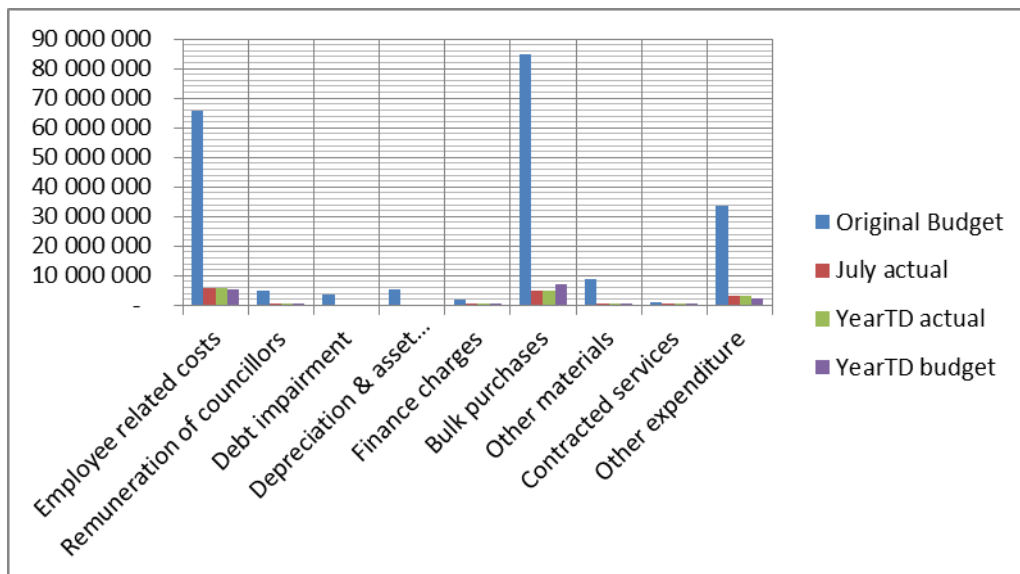
The following chart shows the revenue by source differences between the actual year to date figures and the budgeted year to date, CHART as per information above.



Expenditure By Type	Original Budget	July actual	YearTD actual	YearTD budget
Employee related costs	65 563 255	5 785 444	5 785 444	5 463 605
Remuneration of councillors	4 926 587	340 053	340 053	410 549
Debt impairment	3 764 020	Nil	Nil	Nil
Depreciation & asset impairment	5 419 667	Nil	Nil	Nil
Finance charges	1 731 550	39 492	39 492	45 897
Bulk purchases	84 833 077	4 817 259	4 817 259	7 069 423
Other materials	8 938 204	80 400	80 400	744 850
Contracted services	994 365	38 756	38 756	82 864
Other expenditure	33 624 234	3 192 925	3 192 925	2 442 129
Total Expenditure	209 794 960	14 294 329	14 294 329	16 259 316

CHART 2

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



The table below indicates revenue and expenditure by vote

Annexure B – Table C3

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01						
July						
Vote Description	Original Budget	July actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote						
Vote 1 - Municipal Manager	5 318 679	32 297	32 297	521 484	-489 187	6.19%
Vote 2 - Financial Services	60 014 936	51 649 652	51 649 652	33 377 792	18 271 860	154.74%
Vote 3 - Corporate Services	6 727 215	-308 118	-308 118	488 598	-796 716	-63.06%
Vote 4 - Community Services: Community Development	21 484 133	1 024 123	1 024 123	1 645 215	-621 092	62.25%
Vote 5 - Community Services: Public Safety	2 711 541	175 381	175 381	196 941	-21 560	89.05%
Vote 6 - Electrical Engineering Services	69 629 260	5 131 009	5 131 009	5 119 709	11 300	100.22%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	1 744 815	1 744 815	3 628 479	-1 883 664	48.09%
Total Revenue by Vote	213 551 820	59 449 159	59 449 159	44 978 218	14 470 941	132.17%
Expenditure by Vote						
Vote 1 - Municipal Manager	21 845 947	2 250 502	2 250 502	1 590 398	660 104	141.51%
Vote 2 - Financial Services	29 297 857	2 020 035	2 020 035	2 127 904	-107 869	94.93%
Vote 3 - Corporate Services	13 154 123	1 148 103	1 148 103	955 388	192 715	120.17%
Vote 4 - Community Services: Community Development	17 513 618	1 040 828	1 040 828	1 273 684	-232 856	81.72%
Vote 5 - Community Services: Public Safety	6 491 700	580 466	580 466	471 496	108 970	123.11%
Vote 6 - Electrical Engineering Services	62 345 639	5 167 939	5 167 939	4 540 217	627 722	113.83%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	2 086 456	2 086 456	4 248 532	-2 162 076	49.11%
Total Expenditure by Vote	209 794 960	14 294 329	14 294 329	15 207 619	-913 290	93.99%
Surplus/ (Deficit) for the year	3 756 860	45 154 830	45 154 830	29 770 599	15 384 231	

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue by municipal vote) - M01 July						
Revenue by Vote	Original Budget	July actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	5 318 679	32 297	32 297	521 484	-489 187	6.19%
Vote 2 - Financial Services	60 014 936	51 649 652	51 649 652	33 377 792	18 271 860	154.74%
Vote 3 - Corporate Services	6 727 215	-308 118	-308 118	488 598	-796 716	-63.06%
Vote 4 - Community Services: Community Development	21 484 133	1 024 123	1 024 123	1 645 215	-621 092	62.25%
Vote 5 - Community Services: Public Safety	2 711 541	175 381	175 381	196 941	-21 560	89.05%
Vote 6 - Electrical Engineering Services	69 629 260	5 131 009	5 131 009	5 119 709	11 300	100.22%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	1 744 815	1 744 815	3 628 479	-1 883 664	48.09%
Total Revenue by Vote	213 551 820	59 449 159	59 449 159	44 978 218	14 470 941	132.17%

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 spend with monthly budget planning.

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. The municipality budgeted to receive the equitable share in August which adds and explain why the variance is high.

Corporate Services – the negative variance are there because rent of facilities showed that revenue was reverse in the month of July, this means the municipality reserve revenue previously billed.

Community development- The revenue was not billed as plan, meaning the municipality did not stick to their plans.

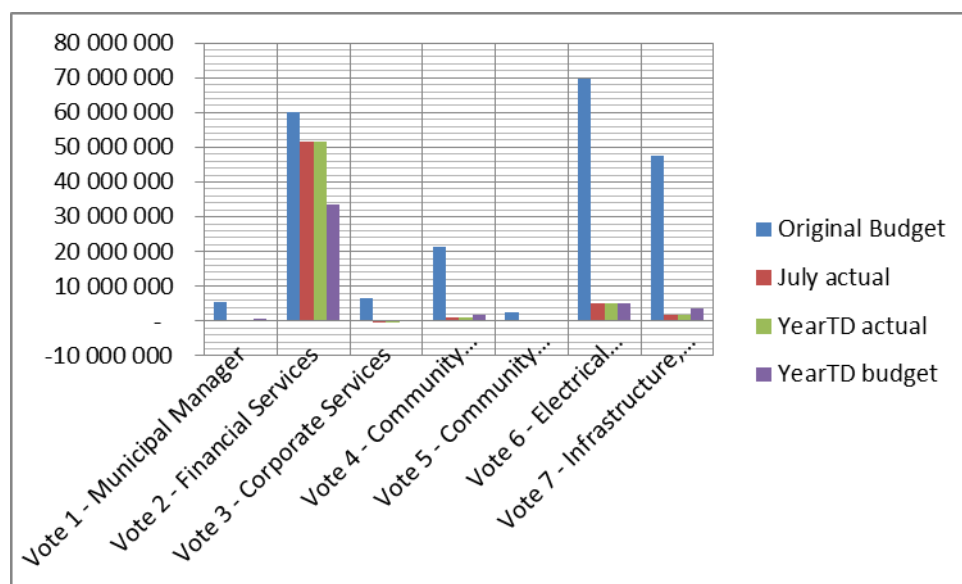
Public safety – The variance of 89.05% shows that the municipality billed less than what was budget under this department.

Electrical Engineering Services – The variance shows the municipality billed as budgeted for this department however the municipality need to show what amount was free basic services.

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 differences between the actual year to date figures and the budgeted year to date figure



Expenditure by Vote	Original Budget	July actual	YearTD actual	YearTD budget
Vote 1 - Municipal Manager	21 845 947	2 250 502	2 250 502	1 590 398
Vote 2 - Financial Services	29 297 857	2 020 035	2 020 035	2 127 904
Vote 3 - Corporate Services	13 154 123	1 148 103	1 148 103	955 388
Vote 4 - Community Services: Community Development	17 513 618	1 040 828	1 040 828	1 273 684
Vote 5 - Community Services: Public Safety	6 491 700	580 466	580 466	471 496
Vote 6 - Electrical Engineering Services	62 345 639	5 167 939	5 167 939	4 540 217
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	2 086 456	2 086 456	4 248 532
Total Expenditure by Vote	209 794 960	14 294 329	14 294 329	15 207 619

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 105.49% this department expenditure are more than what was budgeted at this stage; the following items are the biggest contributors: RDP housing expenditure this expenditure was wrongfully captured under capital expenditure, legal expenses and membership and subscriptions.

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 however there was no allocation/budget for free basic sewerage and it is still under revenue foregone.

Corporate services – The variance relates to the following items that are already overspent, internal service charges, postage, cell phone, legal expenses, seta training .

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.

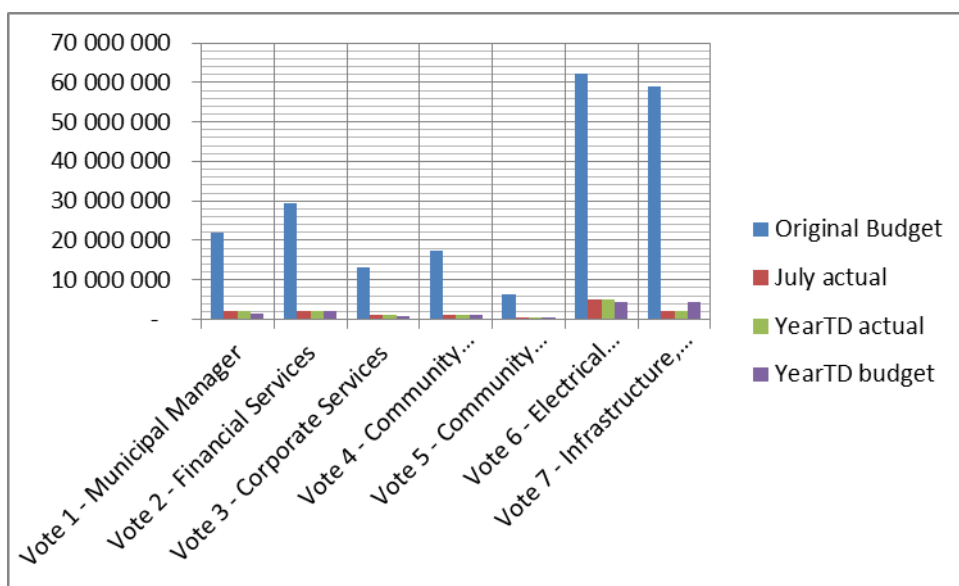
Public safety – The variance of 102.42% shows that this department keeps to the planned expenditure.

Electrical Engineering Services – The variance of 1.02% shows the municipality spent what was budget at 30 June 2014.

Infrastructure, Engineering & Technical Services – The variance is there because the free basic service for water was moved from revenue foregone to the correct allocation. The free basic water is more than what was budgeted contributing to the negative variance.

CHART 4

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



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.

There was no capital expenditure for the month of July 2014 thus no comparisons can be drawn and no graphs can be drawn.

CASH FLOW STATEMENT AT 31 July 2014

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M01 July						
Description	Original Budget	July actual	YearTD actual	YearTD budget	YTD variance	YTD variance
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	158 915 888	11 754 508	11 754 508	13 681 909	-1 927 401	86%
Government - operating	40 346 000	15 570 000	15 570 000	4 051 000	11 519 000	384%
Government - capital	16 979 000	-	-	7 659 667	-7 659 667	0%
Interest	3 795 229	397 583	397 583	316 269	81 314	126%
Payments						
Suppliers and employees	-198 326 370	-22 336 264	-22 336 264	-16 400 144	5 936 120	136%
Finance charges	-206 903	-39 492	-39 492	-5 996	33 495	659%
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 502 844	5 346 336	5 346 336	9 302 705	-3 956 369	57%
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	5 719 000	Nil	Nil	Nil	No Comp	No Comp
Payments						
Capital assets	-16 979 000	Nil	Nil	-7 659 667	-7 659 667	No Comp
NET CASH FROM/(USED) INVESTING ACTIVITIES	-11 260 000	Nil	Nil	-7 659 667	-7 659 667	No Comp
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	-1 524 646	-492 086	-492 086	-39 900	452 185	1233%
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 524 646	-492 086	-492 086	-39 900	452 185	1233%
NET INCREASE/ (DECREASE) IN CASH HELD	8 718 198	4 854 250	4 854 250	1 603 138		
Cash/cash equivalents at beginning:	3 331 303		4 947 896	3 331 303		
Cash/cash equivalents at month/year end:	12 049 500		9 802 146	4 934 440		

Budget left for the year:

Receipts – The positive amount shows the amount the municipality already collected more than budget.

- Negative amount shows the municipality shows the amount the municipality needs to collect for the year.

Payments –The positive amount shows the municipality must still the amount for the year.

- Negative amount shows the municipality already spend more for the year than the budget.

Nil – No amounts was budget or spent

The cash flow statement shows that the municipality had a balance of R9 802 146 in the primary bank account and the year –to-date budget shows the municipality budget for a balance of R4 934 440.

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 31 June 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 31 July 2014

Debtors Age Analysis July 2014						
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-Days	Total
Debtors Age Analysis By Income Source						
Water	919 467	852 173	472 763	401 286	12 520 862	15 166 551
Electricity	3 431 499	1 160 259	543 903	518 166	13 792 409	19 446 236
Property Rates	5 760 832	541 532	330 366	304 243	14 007 632	20 944 605
Waste Water Management	634 927	171 870	91 735	87 444	3 384 534	4 370 510
Waste Management	640 908	303 819	184 537	172 684	7 845 983	9 147 931
Other	132 228	94 635	59 828	59 261	4 340 596	4 686 548
Total By Income Source	11 519 861	3 124 288	1 683 132	1 543 084	55 892 016	73 762 381
					-	
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	3 787 427	75 061	14 186	20 545	1 148 494	5 045 713
Commercial	3 181 298	1 238 783	637 917	579 061	17 836 169	23 473 228
Households	4 551 136	1 810 444	1 031 029	943 478	36 907 353	45 243 440
Total By Customer Group	11 519 861	3 124 288	1 683 132	1 543 084	55 892 016	73 762 381

Debtors Analysis

The total debtors outstanding as at 30 June 2014 was R69 972 260; the total debtors outstanding at 30 July 2014 is R73 762 381, this is an increase of R3 790 121 (5.4%) for the period. Please note this is the start of the new financial year and new tariffs were introduced.

Total outstanding debtors for more than 90 days amounts to R57.44 million as at 31 July 2014 and R57.08 million as at 30 June 2014, the increase for the period was R352 122 thousand.

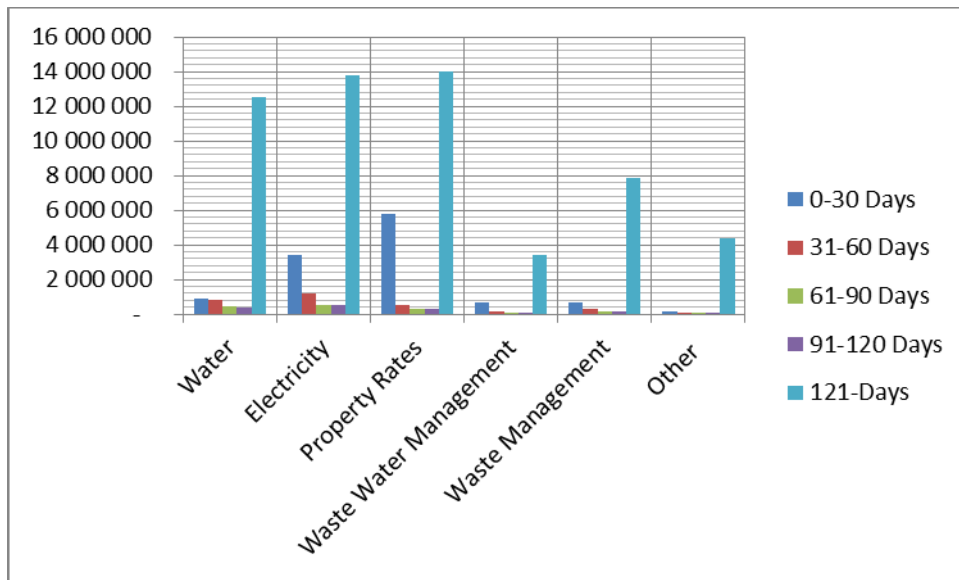
Total outstanding debtors for organs of state and commercial shows that R28 519 million outstanding at 31 July 2014 and for 30 June 2014 the amount outstanding was R24 032; this is an increase of R4 487 million.

Total services rendered outstanding amounts to R47 996 million as at 30 June 2014 and for 31 July 2014 R48 131 million this is an increase R135 thousand(0.28%). As debtors are increasing on a monthly basis and are already over the R70million mark the municipal management must start to start exploring alternative means of collecting outstanding debt.

Chart 8 – Debtors per revenue source

	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-Days	Total
Debtors Age Analysis By Income Source						
Water	919 467	852 173	472 763	401 286	12 520 862	15 166 551
Electricity	3 431 499	1 160 259	543 903	518 166	13 792 409	19 446 236
Property Rates	5 760 832	541 532	330 366	304 243	14 007 632	20 944 605
Waste Water Management	634 927	171 870	91 735	87 444	3 384 534	4 370 510
Waste Management	640 908	303 819	184 537	172 684	7 845 983	9 147 931
Other	132 228	94 635	59 828	59 261	4 340 596	4 686 548
Total By Income Source	11 519 861	3 124 288	1 683 132	1 543 084	55 892 016	73 762 381

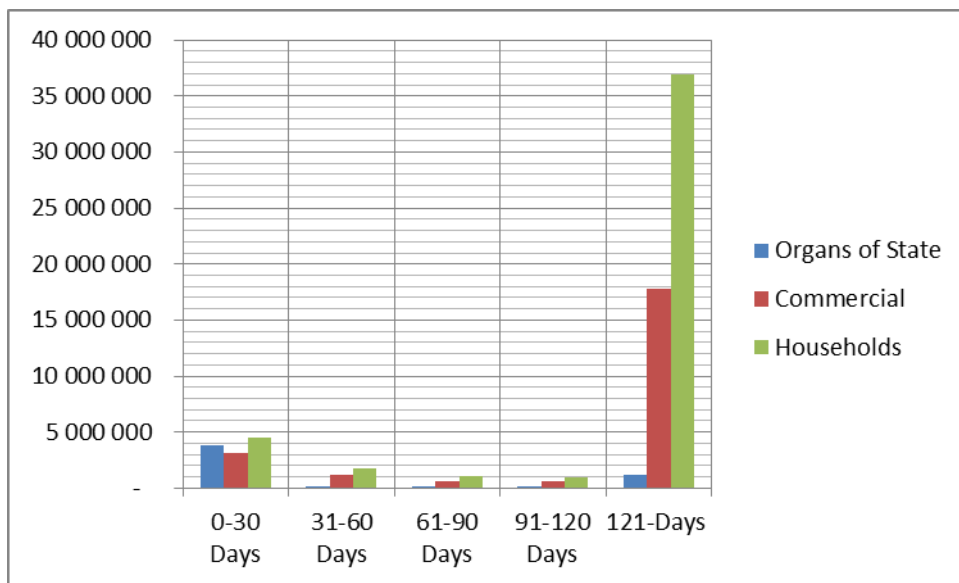
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-Days	Total
Organs of State	3 787 427	75 061	14 186	20 545	1 148 494	5 045 713
Commercial	3 181 298	1 238 783	637 917	579 061	17 836 169	23 473 228
Households	4 551 136	1 810 444	1 031 029	943 478	36 907 353	45 243 440
Total By Customer Group	11 519 861	3 124 288	1 683 132	1 543 084	55 892 016	73 762 381

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.

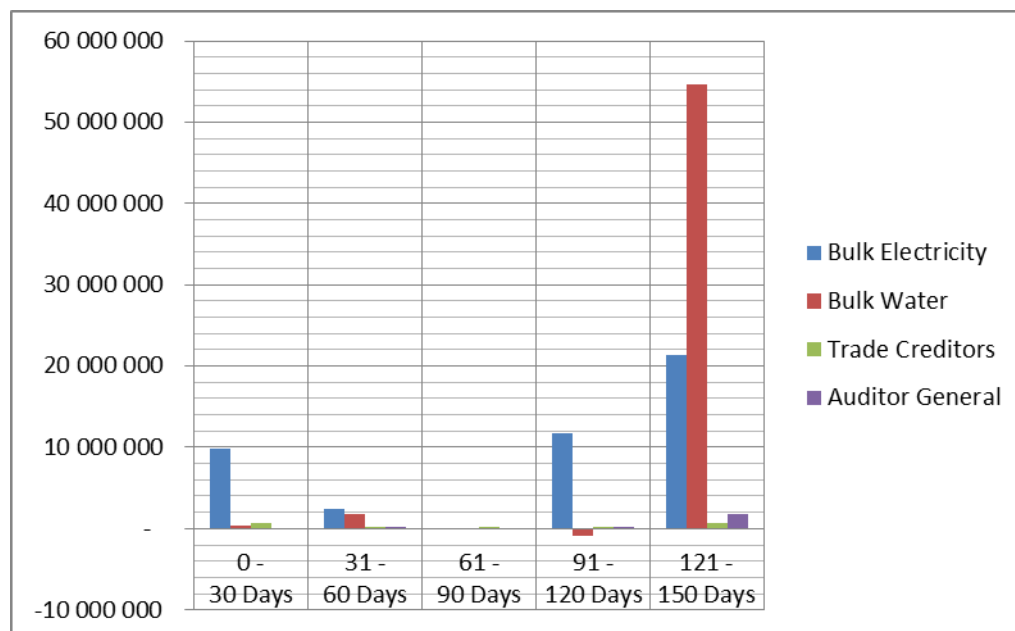
The following report shows the creditors outstanding at 31 July 2014

Creditors age analysis 31 July 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	TOTAL
Bulk Electricity	5 825 914	3 546 755	2 282 703	969 047	33 222 555	45 846 974
Bulk Water	2 368 221	2 010 325	1 793 898	-	53 718 419	59 890 863
Trade Creditors	524	1 032 771	456 288	241 726	315 227	2 046 537
Auditor General	-701 713	-	27 593	-	1 897 528	1 223 409
Total	7 492 946	6 589 852	4 560 483	1 210 773	89 153 729	109 007 782

Creditors Analysis

The municipality's creditors outstanding are illustrated above with Bulk Water (Sedibeng) the highest, the amount outstanding is R59 890 863 which includes a dispute from previous periods. The fact that the municipality are only collection 14.68% as at 31 July 2014 as illustrated on page 21 means that the municipality are not collecting more than 80 % in moneys which could've been use to lower the creditors strain on the municipality.

Chart 10



Creditors Age Analysis

The comparison for creditors outstanding between July 2014 and June 2014 are as follows:

Bulk Electricity – July, R45 846 million and June 2014 R45 496 million this means the amount outstanding increase by R350 thousand.

Bulk Water – July, R59 891 million and June 2014 R55 804 million this means the amount outstanding increase by R4 087 million.

Trade Creditors – July, R2 047 million and June 2014 R1 725 million this means the amount increase by R322 thousand.

Auditor General – July 2014, R1 223 million and June 2014 R1 912 million this means the amount decrease by R689 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 JULY 2014

SERVICE POINTS	OUTSTANDING 30.06.14	ADD BILLINGS	MINUS INCOME	OUTSTANDING 31.07.14	Collection rate for the month	Collection rate including all outstanding debt	INCREASING (DECREASING)	% INCREASE /(DECREA SE)
A	B	C	D	E			F	G
RATES:								
Springbok	3 787 897.95	1 127 892.98	1 542 965.41	3 372 825.52	136.80%	31.39%	(415 072.43)	(10.96%)
Steinkopf	4 789 640.60	24 877.15	179 190.26	4 635 327.49	720.30%	3.72%	(154 313.11)	(3.22%)
Concordia	1 496 180.78	144 142.60	139 436.57	1 500 886.81	96.74%	8.50%	4 706.03	0.31%
Komaggas	3 028 445.03	62 519.15	12 608.56	3 078 355.62	20.17%	0.41%	49 910.59	1.65%
Okiep	900 916.60	146 972.02	125 914.71	921 973.91	85.67%	12.02%	21 057.31	2.34%
Nababeep	614 641.31	204 321.08	205 413.02	613 549.37	100.53%	25.08%	(1 091.94)	(0.18%)
TOTAL RATES	14 617 722.27	1 710 724.98	2 205 528.53	14 122 918.72	128.92%	13.51%	(494 803.55)	(3.38%)
SERVICES:								
Springbok	3 689 586.67	4 611 939.26	4 835 417.90	3 466 108.03	104.85%	58.25%	(223 478.64)	(6.06%)
Steinkopf	6 610 221.20	169 195.82	492 964.14	6 286 452.88	291.36%	7.27%	(323 768.32)	(4.90%)
Concordia	3 151 100.23	421 766.38	391 891.63	3 180 974.98	92.92%	10.97%	29 874.75	0.95%
Komaggas	9 182 291.59	314 546.49	185 042.36	9 311 795.72	58.83%	1.95%	129 504.13	1.41%
Okiep	5 082 315.54	712 055.84	477 627.77	5 316 743.61	67.08%	8.24%	234 428.07	4.61%
Nababeep	11 474 569.58	1 219 396.92	679 266.39	12 014 700.11	55.71%	5.35%	540 130.53	4.71%
TOTAL SERVICES	39 190 084.81	7 448 900.71	7 062 210.19	39 576 775.33	94.81%	15.14%	386 690.52	0.99%
LANDSALES								
Springbok	57 391.18	1 451.90	1 720.00	57 123.08	118.47%	2.92%	(268.10)	(0.47%)
Steinkopf	144 995.65	1 783.58	2 200.88	144 578.35	123.40%	1.50%	(417.30)	(0.29%)
Concordia	118 166.61	1 879.38	1 900.02	118 145.97	101.10%	1.58%	(20.64)	(0.02%)
Komaggas	70 832.22	1 895.65	600.00	72 127.87	31.65%	0.82%	1 295.65	1.83%
Okiep	147 026.93	1 538.09	2 058.05	146 506.97	133.81%	1.39%	(519.96)	(0.35%)
Nababeep	35 768.39	1 458.98	7 190.88	30 036.49	492.87%	19.32%	(5 731.90)	(16.03%)
TOTAL LANDSALES	574 180.98	10 007.58	15 669.83	568 518.73	156.58%	2.68%	(5 662.25)	(0.99%)
GRAZINGFEES								
Springbok	8 418.31	2 502.47	2 256.69	8 664.09	90.18%	20.66%	245.78	2.92%
Steinkopf	776 195.62	23 474.20	23 030.89	776 638.93	98.11%	2.88%	443.31	0.06%
Concordia	293 233.03	22 385.82	18 370.51	297 248.34	82.06%	5.82%	4 015.31	1.37%
Komaggas	480 424.26	13 820.36	2 785.53	491 459.09	20.16%	0.56%	11 034.83	2.30%
Okiep	21 297.55	3 104.57	2 786.21	21 615.91	89.75%	11.42%	318.36	1.49%
Nababeep	11 476.46	2 144.27	1 828.66	11 792.07	85.28%	13.43%	315.61	2.75%
TOTAL GRAZINGFEE	1 591 045.23	67 431.69	51 058.49	1 607 418.43	75.72%	3.08%	16 373.20	1.03%
DIVERSE:								
Springbok	873 312.63	39 951.61	99 175.85	814 088.39	248.24%	10.86%	(59 224.24)	(6.78%)
Steinkopf *	354 508.37	13 228.04	21 315.68	346 420.73	161.14%	5.80%	(8 087.64)	(2.28%)
Concordia **	439 454.56	188 748.07	523 955.37	104 247.26	277.60%	83.41%	(335 207.30)	(76.28%)
Komaggas	390 454.92	1 532.24	3 410.10	388 577.06	222.56%	0.87%	(1 877.86)	(0.48%)
Okiep	134 553.28	1 435.01	31.75	135 956.54	2.21%	0.02%	1 403.26	1.04%
Nababeep	364 917.70	8 738.90	2 169.35	371 487.25	24.82%	0.58%	6 569.55	1.80%
TOTAAL DIVERSE	2 557 201.46	253 633.87	650 058.10	2 160 777.23	256.30%	23.13%	(396 424.23)	(15.50%)
GROOT TOTAAL	58 530 234.75	9 490 698.83	9 984 525.14	58 036 408.44	105.20%	14.68%	(493 826.31)	(0.84%)
TOTAL SERVICESPOINTS								
Springbok	8 416 606.74	5 783 738.22	6 481 535.85	7 718 809.11	112.06%	45.64%	(697 797.63)	(8.29%)
Steinkopf	12 675 561.44	232 558.79	718 701.85	12 189 418.38	309.04%	5.57%	(486 143.06)	(3.84%)
Concordia	5 498 135.21	778 922.25	1 075 554.10	5 201 503.36	138.08%	17.13%	(296 631.85)	(5.40%)
Komaggas	13 152 448.02	394 313.89	204 446.55	13 342 315.36	51.85%	1.51%	189 867.34	1.44%
Okiep	6 286 109.90	865 105.53	608 418.49	6 542 796.94	70.33%	8.51%	256 687.04	4.08%
Nababeep	12 501 373.44	1 436 060.15	895 868.30	13 041 565.29	62.38%	6.43%	540 191.85	4.32%
	58 530 234.75	9 490 698.83	9 984 525.14	58 036 408.44	105.20%	14.68%	(493 826.31)	(0.84%)

- **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 105.20% for the month of 31 July 2014.
 - Collection rate including all outstanding debt– The calculation take into consideration month billing plus the outstanding debt versus current actual money received; this means that the municipality are only collecting 14.68% of outstanding moneys at 31 June 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 31.39 % in Springbok which was the highest collection rate; however the lowest collection rate was at 0.41% which was for Komaggas.

Services

From the information above the municipality collected 58.25% at Springbok which was the highest collection rate; however the lowest collection rate was at 1.95% which was for Komaggas.

Landsales

From the information above the municipality collected 19.39% at Nababeep which was the highest collection rate; however the lowest collection rate was at 0.82% which was for Kommagas.

Grazing Fees

From the information above the municipality collected 20.66 %at Springbok which was the highest collection rate; however the lowest collection rate was at 0.56 % which was for Komaggas.

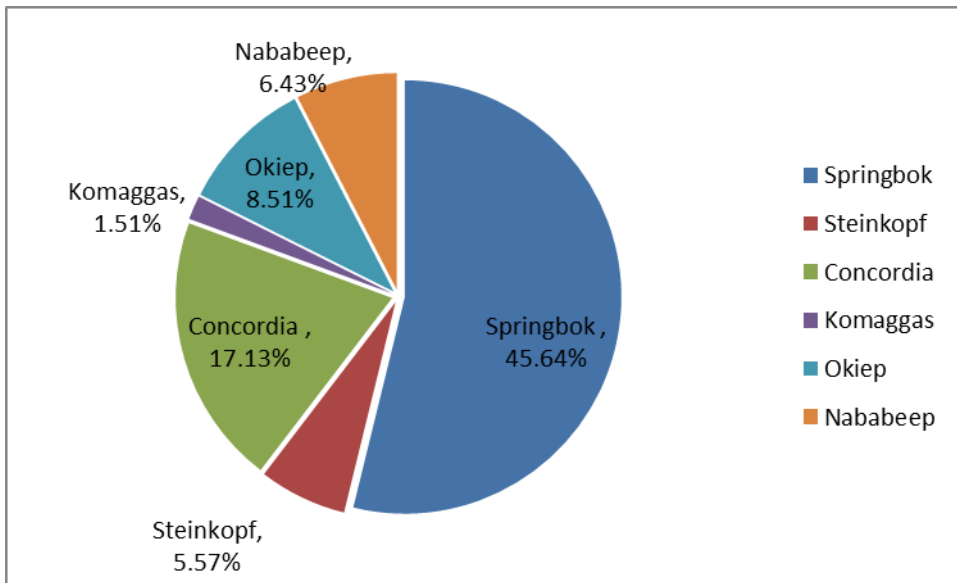
Diverse/other

From the information above the municipality collected 83.41% at Concordia which was the highest collection rate; however the lowest collection rate was at 0.02% which was for Okiep.

Service points

From the information above the municipality collected 45.64 % at Springbok which was the highest collection rate; however the lowest collection rate was at 1.51 % 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 - M01 July						
Summary of Employee and Councillor remuneration	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	3 199 726	231 433	231 433	266 644	-35 211	86.79%
Pension and UIF Contributions	479 959	11 052	11 052	39 997	-28 945	27.63%
Motor Vehicle Allowance	799 931	80 828	80 828	66 661	14 167	121.25%
Cellphone Allowance	381 631	16 741	16 741	31 803	-15 062	52.64%
Other benefits and allowances	65 340	Nil	Nil	5 445	-5 445	No Comp
Sub Total - Councillors	4 926 587	340 053	340 053	410 549	-70 496	82.83%
Senior Managers of the Municipality						
Basic Salaries and Wages	2 937 701	245 727	245 727	244 808	919	100.38%
Pension and UIF Contributions	309 042	35 359	35 359	25 753	9 606	137.30%
Medical Aid Contributions	134 446	19 339	19 339	11 204	8 135	172.61%
Motor Vehicle Allowance	689 364	68 904	68 904	57 447	11 457	119.94%
Cellphone Allowance	Nil	500	500	Nil	500	No Comp
Housing Allowances	5 736	956	956	478	478	200.00%
Other benefits and allowances	264 847	33 643	33 643	22 071	11 572	152.43%
Long service awards	Nil	16 569	16 569	Nil	16 569	No Comp
Sub Total - Senior Managers of Municipality	4 341 136	420 998	420 998	361 761	59 236	116.37%
Other Municipal Staff						
Basic Salaries and Wages	44 085 952	3 659 386	3 659 386	3 673 829	-14 444	99.61%
Pension and UIF Contributions	5 567 956	535 640	535 640	463 996	71 643	115.44%
Medical Aid Contributions	1 618 999	139 650	139 650	134 917	4 733	103.51%
Overtime	Nil	204 395	204 395	Nil	204 395	No Comp
Motor Vehicle Allowance	3 963 246	281 748	281 748	330 271	-48 523	85.31%
Cellphone Allowance	Nil	1 220	1 220	Nil	1 220	No Comp
Housing Allowances	263 509	19 789	19 789	21 959	-2 171	90.12%
Other benefits and allowances	5 722 456	556 740	556 740	476 871	79 869	116.75%
Long service awards	Nil	12 325	12 325	Nil	12 325	No Comp
Sub Total - Other Municipal Staff	61 222 119	5 410 892	5 410 892	5 101 843	309 049	106.06%
Total Parent Municipality	70 489 842	6 171 943	6 171 943	5 874 153	297 789	105.07%
Total Employee Related Cost	65 563 255	5 831 889	5 831 889	5 463 605		
Total Expenditure	209 794 960	14 294 329	14 294 329	16 259 316		
% employee related cost to total cost	31%	41%	41%	34%		

YearTD – refers to Year-to-date (July 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 35% of total expenditure, the ratio for the month of July 2014 is 41%. This ratio is very high it is as result of not all expenditure items updated at the time of compilation of reports, although it has been communicated throughout the financial year it still occurs putting the municipality in a very bad position

5. Financial Implications /Recommendations

The overall problem of the municipality is planning, the municipality spend weeks on the budget core which are the statement of financial performance but forget the budget consists of other elements as well. Monthly budgets cash flows are not planned or not submitted. Capital Budget does not align to the planning documents of the planning department. Cash flow statements are not discussed the financial position and viability of the municipality is not planned. Managers need to access their budgets on a regular basis and monitor them effectively. Managers should start given their suggestions on a monthly basis which will be included in the report. The financial system needs to access to identify if the municipality are using all resources available.

Revenue by source:

The municipality monthly budget cash flow for revenue does not align to what is actually billed. The reason for the variances as reported are there because very little time is spend to plan per month and to plan sufficiently as well realistic. The budget document required by National Treasury have supporting documents where the municipality plan their budget per month; management must start using these documents to plan effectively for revenue and to ensure revenue are realistic; the monthly budget planning must take into account seasonal and other changes that might have an impact.

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. All expenditure needs to be captured and updated on time to give the true reflection of the municipality month expenditure. Departments must start prioritise their monthly budgets.

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 R70 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.

Collection Rate

The collection rate of the municipality starts the chain reaction of a positive cash flow at a municipality, it means if collection rates are low debtors outstanding will rise this will mean that he 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 July 2014 shows that the debtors outstanding are still increasing bringing more cash flow problems and will increased creditors outstanding.

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: 14 August 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 31 July 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

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Table C2C	Financial Performance (standard classification)
Table C3-Fin Per V	Financial Performance (revenue and expenditure by municipal vote)
Table C3C	Financial Performance (revenue and expenditure by municipal vote)
Table C4-FinPerRE	Financial Performance (revenue and expenditure)
Table C5-CAPEX	Capital Expenditure (municipal vote, standard classification)
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Table C6-FinPos	Financial Position
Table C7-Cflow	Cash Flow

Supporting Tables

Table SC1	Material variance explanations
Table SC2	Monthly Budget Statement – Performance Indicators
Table SC3	Monthly Budget Statement – Aged debtors
Table SC4	Monthly Budget Statement – Aged creditors
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Table SC6	Monthly Budget Statement – Transfer and grant receipts
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Table SC8	Monthly Budget Statement – Councillor and staff benefits
Table SC9	Monthly Budget Statement – Actual and revised targets for cash receipts
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Table SC 12	Consolidated Monthly Budget Statement – Capital expenditure trend

Table SC13 a	Consolidated Monthly Budget Statement – Capital expenditure on new assets by asset class
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