



Nama Khoi Municipality

12 September 2014

The Mayor

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING
31 August 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 August 2014, ten working days reporting limit expires on 12 September 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 August 2014

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

The financial results for the period ended 31 August 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) - M02 August						
	Original Budget	August actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue By Source						
Property rates	32 343 145	-453 316	36 851 892	30 873 002	5 978 890	119.37%
Service charges - electricity revenue	67 377 952	5 830 225	10 957 665	12 429 659	-1 471 994	88.16%
Service charges - water revenue	32 502 068	1 857 355	2 840 188	4 817 012	-1 976 824	58.96%
Service charges - sanitation revenue	9 170 014	750 979	1 508 367	1 528 336	-19 969	98.69%
Service charges - refuse revenue	10 957 065	784 672	1 571 193	1 826 178	-254 985	86.04%
Service charges - other	Nil	65 455	133 203	Nil	133 203	No Comp
Rental of facilities and equipment	2 001 898	82 390	-146 595	336 392	-482 987	-43.58%
Interest earned - external investments	624 300	91 190	144 625	104 050	40 575	139.00%
Interest earned - outstanding debtors	3 370 677	345 660	651 059	421 780	229 279	154.36%
Fines	273 406	16 910	29 834	45 568	-15 734	65.47%
Licences and permits	1 171 613	86 861	272 496	195 269	77 227	139.55%
Agency services	1 272 027	31 948	92 543	212 004	-119 461	43.65%
Transfers recognised - operational	40 346 000	934 000	14 904 000	19 627 850	-4 723 850	75.93%
Other revenue	6 641 655	86 469	149 334	1 193 538	-1 044 204	12.51%
Gains on disposal of PPE	5 500 000	Nil	Nil	Nil	Nil	No Comp
Total Revenue (excluding capital transfers and contributions)	213 551 820	10 510 797	69 959 804	73 610 637	-3 650 833	95.04%
Expenditure By Type						
Employee related costs	65 563 255	5 869 487	11 655 820	10 927 209	728 611	106.67%
Remuneration of councillors	4 926 587	357 783	697 836	821 098	-123 262	84.99%
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	6 005	45 497	91 793	-46 296	49.56%
Bulk purchases	84 833 077	6 655 197	15 023 333	14 138 846	884 487	106.26%
Other materials	8 938 204	491 960	797 347	1 302 716	-505 369	61.21%
Contracted services	994 365	18 580	57 336	165 727	-108 391	34.60%
Transfers and grants	Nil	57 690	57 690	Nil	57 690	No Comp
Other expenditure	33 624 234	4 549 062	8 450 405	5 071 243	3 379 162	166.63%
Total Expenditure	209 794 960	17 513 805	36 785 264	32 518 632	4 266 632	113.12%

Explanations on table

***Please note the following:**

YearTD – refers to Year-to-date (July – August 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 95% of revenue; this means the municipality planning does not align to the daily operation.

Property Rates –it shows a negative balance for the month of August and the matter should be investigated by the Income department. 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 12%, this means the municipality over budget for this service for the month of August 2014.

Service charges water – The municipality billed only 59% 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 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 13%.

The major expenditure variances against budget are:

Employee related cost – the variance of 7% 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 R123 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 61% 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.

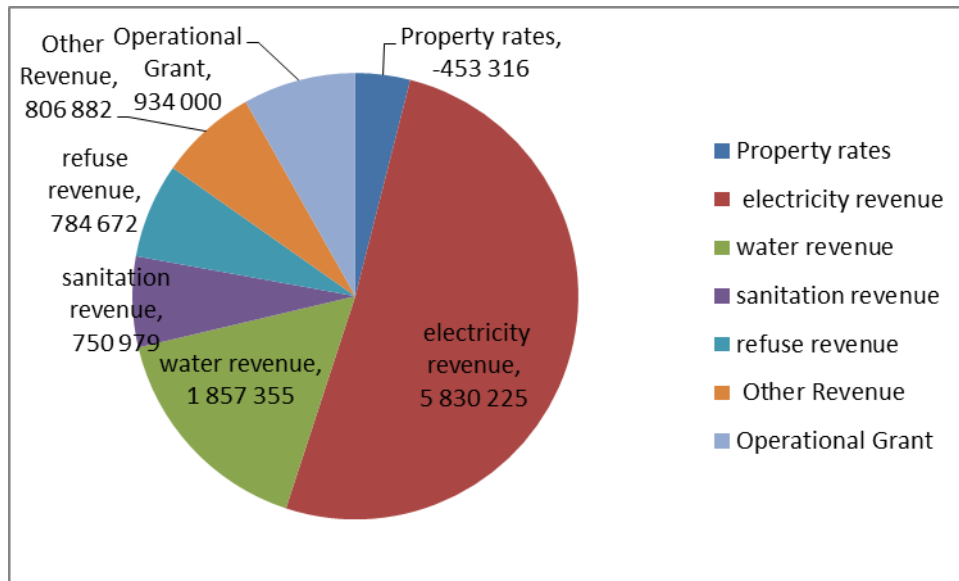
Contract service and transfers and grants needs to be calculated not only the yearly total, budget the month to month amount should be planned correctly.

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.

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue) - M02 August						
	Original Budget	August actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue By Source						
Property rates	32 343 145	-453 316	36 851 892	30 873 002	5 978 890	119.37%
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Service charges - sanitation revenue	9 170 014	750 979	1 508 367	1 528 336	-19 969	98.69%
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Service charges - other	Nil	65 455	133 203	Nil	133 203	No Comp
Rental of facilities and equipment	2 001 898	82 390	-146 595	336 392	-482 987	-43.58%
Interest earned - external investments	624 300	91 190	144 625	104 050	40 575	139.00%
Interest earned - outstanding debtors	3 370 677	345 660	651 059	421 780	229 279	154.36%
Fines	273 406	16 910	29 834	45 568	-15 734	65.47%
Licences and permits	1 171 613	86 861	272 496	195 269	77 227	139.55%
Agency services	1 272 027	31 948	92 543	212 004	-119 461	43.65%
Transfers recognised - operational	40 346 000	934 000	14 904 000	19 627 850	-4 723 850	75.93%
Other revenue	6 641 655	86 469	149 334	1 193 538	-1 044 204	12.51%
Gains on disposal of PPE	5 500 000	Nil	Nil	Nil	Nil	No Comp
Total Revenue (excluding capital transfers and contributions)	213 551 820	10 510 797	69 959 804	73 610 637	-3 650 833	95.04%

CHART 1

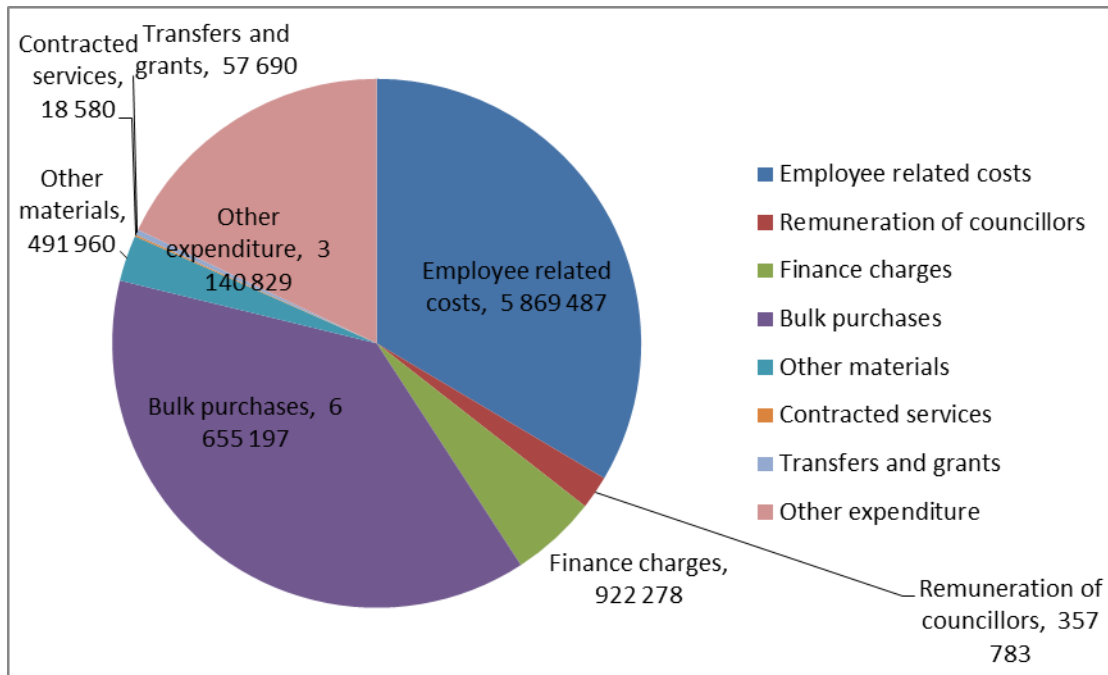
The following chart shows the revenue by source differences.



Expenditure By Type	Original Budget	August actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Employee related costs	65 563 255	5 869 487	11 655 820	10 927 209	728 611	106.67%
Remuneration of councillors	4 926 587	357 783	697 836	821 098	-123 262	84.99%
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	6 005	45 497	91 793	-46 296	49.56%
Bulk purchases	84 833 077	6 655 197	15 023 333	14 138 846	884 487	106.26%
Other materials	8 938 204	491 960	797 347	1 302 716	-505 369	61.21%
Contracted services	994 365	18 580	57 336	165 727	-108 391	34.60%
Transfers and grants	Nil	57 690	57 690	Nil	57 690	No Comp
Other expenditure	33 624 234	4 549 062	8 450 405	5 071 243	3 379 162	166.63%
Total Expenditure	209 794 960	17 513 805	36 785 264	32 518 632	4 266 632	113.12%

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) - M02						
August						
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	31 121	63 419	2 433 350	-2 369 931	3%
Vote 2 - Financial Services	60 014 936	944 876	52 594 528	42 779 459	9 815 069	123%
Vote 3 - Corporate Services	6 727 215	49 832	-258 286	977 196	-1 235 482	-26%
Vote 4 - Community Services: Community Development	21 484 133	904 148	1 928 115	4 162 763	-2 234 648	46%
Vote 5 - Community Services: Public Safety	2 711 541	128 483	303 865	393 882	-90 017	77%
Vote 6 - Electrical Engineering Services	69 629 260	5 840 932	10 971 941	10 882 561	89 380	101%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	2 611 407	4 356 221	8 969 288	-4 613 067	49%
Total Revenue by Vote	213 551 820	10 510 799	69 959 803	70 598 499	-638 696	99%
Expenditure by Vote						
Vote 1 - Municipal Manager	21 845 947	1 488 168	3 753 895	3 180 796	573 099	118%
Vote 2 - Financial Services	29 297 857	3 402 622	6 144 444	4 255 808	1 888 636	144%
Vote 3 - Corporate Services	13 154 123	1 335 987	2 796 790	1 910 776	886 014	146%
Vote 4 - Community Services: Community Development	17 513 618	1 175 604	2 244 370	2 547 368	-302 998	88%
Vote 5 - Community Services: Public Safety	6 491 700	589 803	1 170 571	942 992	227 579	124%
Vote 6 - Electrical Engineering Services	62 345 639	7 282 615	14 122 811	9 080 434	5 042 377	156%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	2 239 003	6 552 383	8 497 064	-1 944 681	77%
Total Expenditure by Vote	209 794 960	17 513 802	36 785 264	30 415 238	6 370 026	121%
Surplus/ (Deficit) for the year	3 756 860	-7 003 003	33 174 539	40 183 261	-7 008 722	

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	31 121	63 419	2 433 350	-2 369 931	3%
Vote 2 - Financial Services	60 014 936	944 876	52 594 528	42 779 459	9 815 069	123%
Vote 3 - Corporate Services	6 727 215	49 832	-258 286	977 196	-1 235 482	-26%
Vote 4 - Community Services: Community Development	21 484 133	904 148	1 928 115	4 162 763	-2 234 648	46%
Vote 5 - Community Services: Public Safety	2 711 541	128 483	303 865	393 882	-90 017	77%
Vote 6 - Electrical Engineering Services	69 629 260	5 840 932	10 971 941	10 882 561	89 380	101%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	2 611 407	4 356 221	8 969 288	-4 613 067	49%
Total Revenue by Vote	213 551 820	10 510 799	69 959 803	70 598 499	-638 696	99%

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.

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.

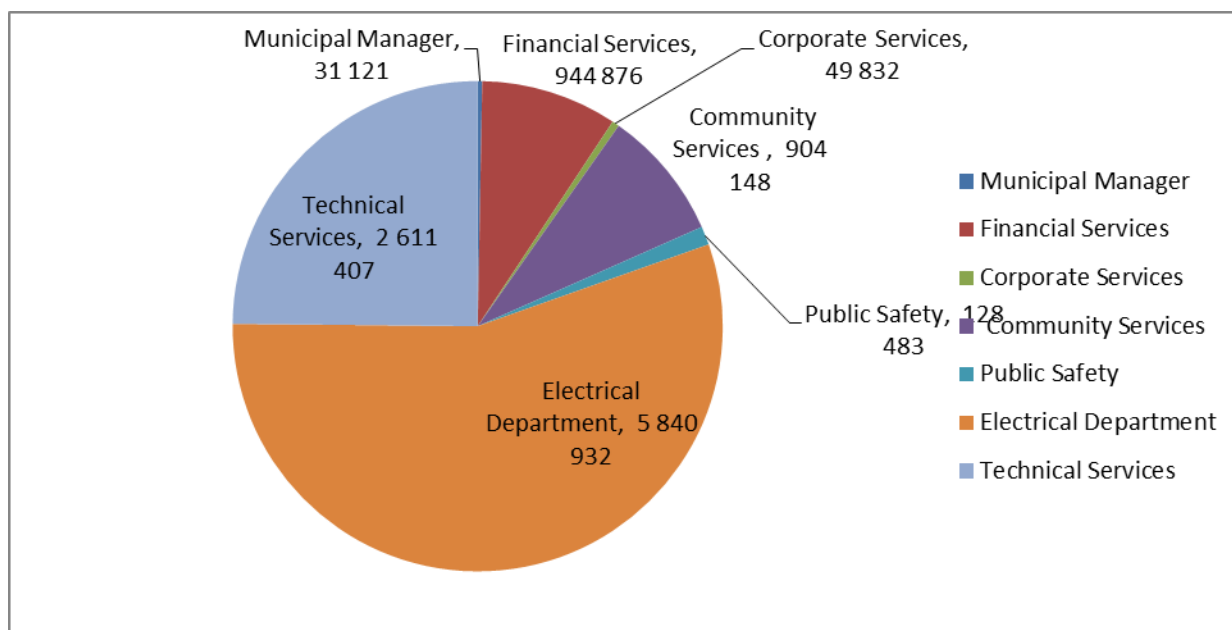
Public safety – The variance of 77% shows that the municipality billed less than what was budget under this department.

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.



Expenditure by Vote	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	21 845 947	1 488 168	3 753 895	3 180 796	573 099	118%
Vote 2 - Financial Services	29 297 857	3 402 622	6 144 444	4 255 808	1 888 636	144%
Vote 3 - Corporate Services	13 154 123	1 335 987	2 796 790	1 910 776	886 014	146%
Vote 4 - Community Services: Community Development	17 513 618	1 175 604	2 244 370	2 547 368	-302 998	88%
Vote 5 - Community Services: Public Safety	6 491 700	589 803	1 170 571	942 992	227 579	124%
Vote 6 - Electrical Engineering Services	62 345 639	7 282 615	14 122 811	9 080 434	5 042 377	156%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	2 239 003	6 552 383	8 497 064	-1 944 681	77%
Total Expenditure by Vote	209 794 960	17 513 802	36 785 264	30 415 238	6 370 026	121%

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 118% this department expenditure are more than what was budgeted at this stage; the following items are the biggest contributors: RDP housing expenditure 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.

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.

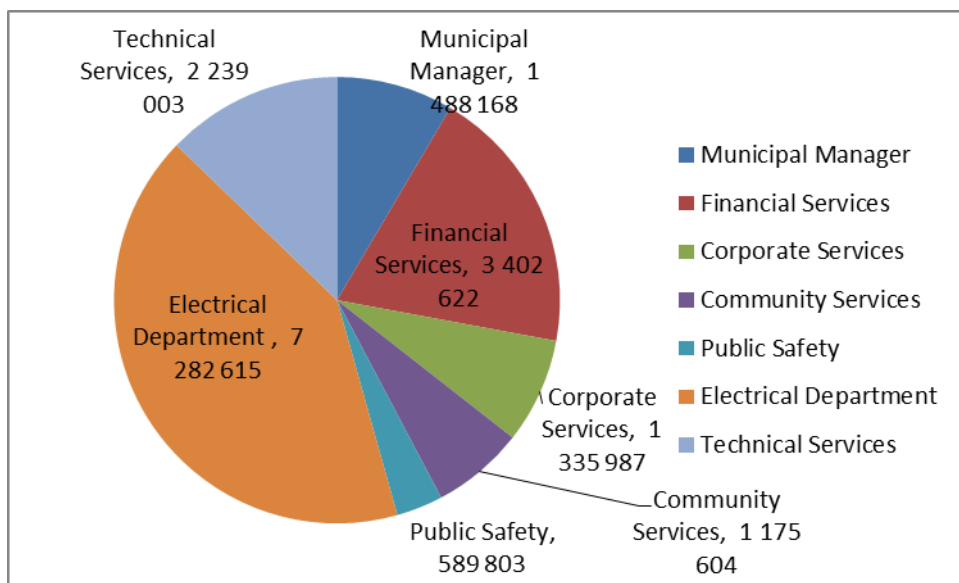
Public safety – The variance of 124% shows that this department overspent and the biggest contributor are employee related cost

Electrical Engineering Services – The variance of 156% shows the municipality spent more than what was budget at 31 August 2014.

Infrastructure, Engineering & Technical Services – Water service is less than what was budgeted as bulk purchases of water are not as budgeted..

CHART 4

The following chart shows the expenditure by vote differences.



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.

Vote Description	Budget Year 2014/15					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Capital Expenditure - Standard Classification						
Sport and recreation	3 400 000	Nil	Nil	1 530 000	-1 530 000	No Comp
Road transport	10 579 000	181 417	181 417	4 760 550	-4 579 133	4%
Electricity	1 000 000	Nil	Nil	450 000	-450 000	No Comp
Waste water management	2 000 000	Nil	Nil	900 000	-900 000	No Comp
Total Capital Expenditure - Standard Classification	16 979 000	181 417	181 417	7 640 550	-7 459 133	No Comp
Funded by:						
National Government	16 979 000	181 417	181 417	7 640 550	-7 459 133	2%
Total Capital Funding	16 979 000	181 417	181 417	7 640 550	-7 459 133	2%

Capital expenditure for the month of August was R181 417; 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.

CASH FLOW STATEMENT AT 31 July 2014

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M02 August						
Description	Budget Year 2014/15		YearTD actual	YearTD budget	YTD variance	YTD variance
	Original Budget	Monthly actual				
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	158 915 888	12 580 500	24 335 008	27 363 818	-3 028 810	88.93%
Government - operating	40 346 000	1 334 000	16 904 000	19 627 850	-2 723 850	86.12%
Government - capital	16 979 000	6 100 000	6 100 000	7 659 667	-1 559 667	79.64%
Interest	3 795 229	406 748	804 331	632 538	171 793	127.16%
Payments						
Suppliers and employees	-198 326 370	-19 357 345	-41 693 609	-32 800 287	8 893 322	127.11%
Finance charges	-206 903	-6 005	-45 497	-11 823	33 674	384.82%
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 502 844	1 057 897	6 404 233	22 471 763	-16 067 530	28.50%
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	5 719 000	Nil	Nil	Nil	Nil	No Comp
Payments						
Capital assets	-16 979 000	-181 417	-181 417	-7 659 667	-7 478 250	2.37%
NET CASH FROM/(USED) INVESTING ACTIVITIES	-11 260 000	-181 417	-181 417	-7 659 667	-7 478 250	2.37%
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	-1 524 646	-39 900	-531 986	-79 970	452 016	665.23%
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 524 646	-39 900	-531 986	-79 970	452 016	665.23%
NET INCREASE/ (DECREASE) IN CASH HELD	8 718 198	836 580	5 690 830	14 732 126		
Cash/cash equivalents at beginning:	3 331 303		4 947 896	3 331 303		
Cash/cash equivalents at month/year end:	12 049 500		10 638 726	18 063 428		

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 R10 638 726 in the primary bank account and the year –to-date budget shows the municipality budget for a balance of R18 063 428.

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 August 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 August 2014

Debtors Age Analysis at 31 August 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 Days +	Total
Debtors Age Analysis By Income Source						
Water	1 212 326	882 816	552 823	410 403	12 776 585	15 834 953
Electricity	4 043 115	1 229 163	646 905	517 315	14 159 966	20 596 464
Property Rates	5 837 544	1 094 644	309 149	286 526	14 290 116	21 817 979
Waste Water Management	629 296	277 987	99 546	79 750	3 461 873	4 548 452
Waste Management	629 432	320 199	197 171	166 563	8 016 990	9 330 355
Other	172 911	109 847	59 219	48 362	4 449 425	4 839 764
Total By Income Source	12 524 624	3 914 656	1 864 813	1 508 919	57 154 955	76 967 967
Debtors Age Analysis By Customer Group						
Organs of State	3 935 751	423 900	25 758	9 715	1 052 217	5 447 341
Commercial	3 522 037	1 466 628	779 276	577 412	18 266 278	24 611 631
Households	5 066 836	2 024 128	1 059 779	921 792	37 836 460	46 908 995
Total By Customer Group	12 524 624	3 914 656	1 864 813	1 508 919	57 154 955	76 967 967

Debtors Analysis

The total debtors outstanding as at 31 August 2014 was R76 967 967; the total debtors outstanding at 30 July 2014 is R73 762 381, this is an increase of R3 205 595 (4.35%) 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 R58.66 million as at 30 June 2014, the increase for the period was R1.22 million.

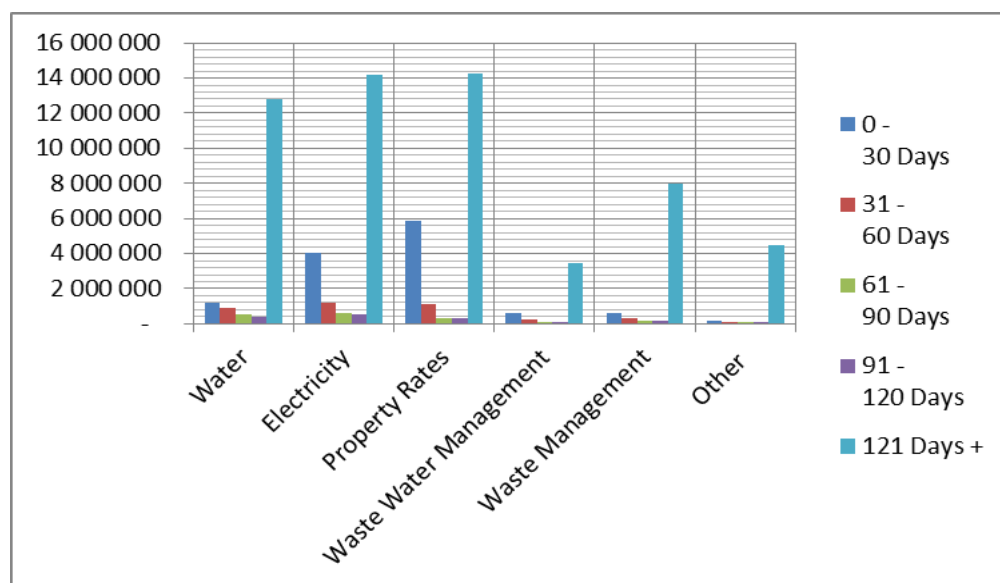
Total outstanding debtors for organs of state and commercial shows that R28 519 million outstanding at 31 July 2014 and for 31 August 2014 the amount outstanding was R30 059 million; this is an increase of R1 540 million.

Total services rendered outstanding amounts to R50 310 million as at 31 August 2014 and for 31 July 2014 R48 131 million this is an increase R2.18 thousand(4.53%). 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

Debtors Age Analysis at 31 August 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 Days +	Total
Debtors Age Analysis By Income Source						
Water	1 212 326	882 816	552 823	410 403	12 776 585	15 834 953
Electricity	4 043 115	1 229 163	646 905	517 315	14 159 966	20 596 464
Property Rates	5 837 544	1 094 644	309 149	286 526	14 290 116	21 817 979
Waste Water Management	629 296	277 987	99 546	79 750	3 461 873	4 548 452
Waste Management	629 432	320 199	197 171	166 563	8 016 990	9 330 355
Other	172 911	109 847	59 219	48 362	4 449 425	4 839 764
Total By Income Source	12 524 624	3 914 656	1 864 813	1 508 919	57 154 955	76 967 967

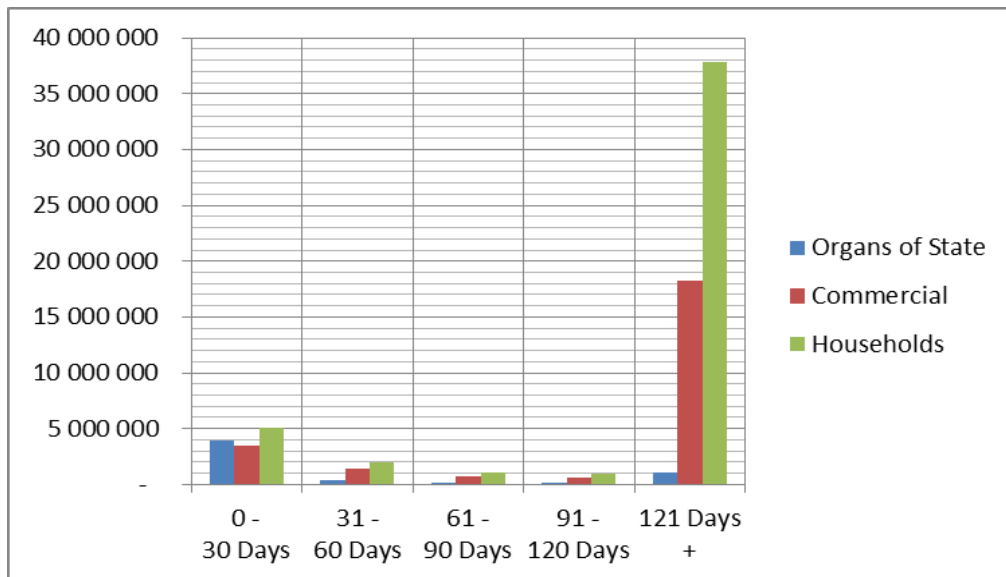
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 Days +	Total
Organs of State	3 935 751	423 900	25 758	9 715	1 052 217	5 447 341
Commercial	3 522 037	1 466 628	779 276	577 412	18 266 278	24 611 631
Households	5 066 836	2 024 128	1 059 779	921 792	37 836 460	46 908 995
Total By Customer Group	12 524 624	3 914 656	1 864 813	1 508 919	57 154 955	76 967 967

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.

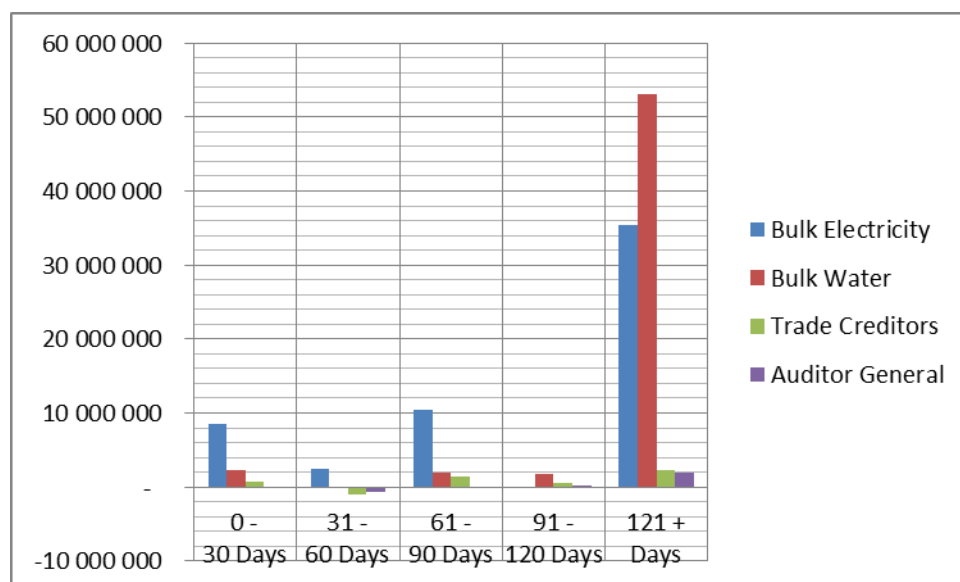
The following report shows the creditors outstanding at 31 August 2014

Creditors Age Analysis as at 31 August 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
Bulk Electricity	8 504 999	2 385 186	10 486 586	-	35 365 740	56 742 511
Bulk Water	2 368 221	-	2 010 325	1 793 898	53 141 898	59 314 342
Trade Creditors	768 507	-969 595	1 490 342	628 080	2 262 873	4 180 207
Auditor General	-	-660 413	-	27 593	1 897 528	1 264 708
Total	19 852 827	-1 630 008	7 853 822	4 894 920	90 530 207	121 501 767

Creditors Analysis

The municipality's creditors outstanding are illustrated above with Bulk Water (Sedibeng) the highest, the amount outstanding is R59 314 342 which includes a dispute from previous periods. The increase from July 2014 is R12 493 985. The fact that the municipality are only collection 14.34% as at 31 August 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 August 2014 are as follows:

Bulk Electricity – July, R45 846 million and August 2014 R56 743 million this means the amount outstanding increase by R350 thousand.

Bulk Water – July, R59 891 million and August 2014 R59 314 million this means the amount outstanding increase by R4 087 million.

Trade Creditors – July, R2 047 million and August 2014 R4 180 million this means the amount increase by R322 thousand.

Auditor General – July 2014, R1 223 million and June 2014 R1 265 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 AUGUST 2014

SERVICE POINTS	OUTSTANDING 31.07.14	ADD BILLINGS	MINUS INCOME	OUTSTANDING 31.08.14	Collection Rate for the month	Collection Rate on all outstanding figures	INCREASING (DECREASING)	% INCREASE (/DECREASE)
A	B	C	D	E	F	G	H	I
RATES:								
Springbok	3 372 825.52	2 668 970.15	2 204 294.94	3 837 500.73	82.59%	36.48%	464 675.21	13.78%
Steinkopf	4 635 327.49	35 249.40	224 071.76	4 446 505.13	635.68%	4.80%	(188 822.36)	(4.07%)
Concordia	1 500 886.81	247 974.37	170 986.55	1 577 874.63	68.95%	9.78%	76 987.82	5.13%
Komaggas	3 078 355.62	88 442.03	19 674.83	3 147 122.82	22.25%	0.62%	68 767.20	2.23%
Okiep	921 973.91	218 068.01	177 480.61	962 561.31	81.39%	15.57%	40 587.40	4.40%
Nababeep	613 549.37	250 705.39	197 421.20	666 833.56	78.75%	22.84%	53 284.19	8.68%
TOTAL RATES	14 122 918.72	3 509 409.35	2 993 929.89	14 638 398.18	85.31%	16.98%	515 479.46	3.65%
SERVICES:								
Springbok	3 466 108.03	4 889 328.12	4 488 242.21	3 867 193.94	91.80%	53.72%	401 085.91	11.57%
Steinkopf	6 286 452.88	411 394.76	462 427.50	6 235 420.14	112.40%	6.90%	(51 032.74)	(0.81%)
Concordia	3 180 974.98	573 449.82	470 683.31	3 283 741.49	82.08%	12.54%	102 766.51	3.23%
Komaggas	9 311 795.72	378 987.35	251 441.83	9 439 341.24	66.35%	2.59%	127 545.52	1.37%
Okiep	5 316 743.61	659 945.79	490 938.22	5 485 751.18	74.39%	8.21%	169 007.57	3.18%
Nababeep	12 014 700.11	817 084.95	549 041.24	12 282 743.82	67.20%	4.28%	268 043.71	2.23%
TOTAL SERVICES	39 576 775.33	7 730 190.79	6 712 774.31	40 594 191.81	86.84%	14.19%	1 017 416.48	2.57%
LANDSALES								
Springbok	57 123.08	1 157.78	6 227.94	52 052.92	537.92%	10.69%	(5 070.16)	(8.88%)
Steinkopf	144 578.35	1 783.48	1 202.89	145 158.94	67.45%	0.82%	580.59	0.40%
Concordia	118 145.97	779.38	1 560.50	117 364.85	200.22%	1.31%	(781.12)	(0.66%)
Komaggas	72 127.87	1 895.65		74 023.52	0.00%	0.00%	1 895.65	2.63%
Okiep	146 506.97	2 297.45	3 794.93	145 009.49	165.18%	2.55%	(1 497.48)	(1.02%)
Nababeep	30 036.49	2 273.76	4 515.03	27 795.22	198.57%	13.97%	(2 241.27)	(7.46%)
TOTAL LANDSALES	568 518.73	10 187.50	17 301.29	561 404.94	169.83%	2.99%	(7 113.79)	(1.25%)
GRAZINGFEES								
Springbok	8 664.09	3 388.87	2 616.41	9 436.55	77.21%	21.71%	772.46	8.92%
Steinkopf	776 638.93	36 599.45	27 996.38	785 242.00	76.49%	3.44%	8 603.07	1.11%
Concordia	297 248.34	32 502.44	22 506.74	307 244.04	69.25%	6.83%	9 995.70	3.36%
Komaggas	491 459.09	13 299.11	2 979.35	501 778.85	22.40%	0.59%	10 319.76	2.10%
Okiep	21 615.91	4 025.17	3 580.99	22 060.09	88.96%	13.97%	444.18	2.05%
Nababeep	11 792.07	2 590.22	2 080.27	12 302.02	80.31%	14.46%	509.95	4.32%
TOTAL GRAZINGFEES	1 607 418.43	92 405.26	61 760.14	1 638 063.55	66.84%	3.63%	30 645.12	1.91%
DIVERSE:								
Springbok	814 088.39	81 692.90	75 110.43	820 670.86	91.94%	8.38%	6 582.47	0.81%
Steinkopf *	346 420.73	11 229.34	28 776.18	328 873.89	256.26%	8.05%	(17 546.84)	(5.07%)
Concordia **	104 247.26	83 341.98	82 019.07	105 570.17	98.41%	43.72%	1 322.91	1.27%
Komaggas	388 577.06	4 774.52	411.56	392 940.02	8.62%	0.10%	4 362.96	1.12%
Okiep	135 956.54	1 669.94	92.09	137 534.39	5.51%	0.07%	1 577.85	1.16%
Nababeep	371 487.25	15 046.65	4 718.87	381 815.03	31.36%	1.22%	10 327.78	2.78%
TOTAL DIVERSE	2 160 777.23	197 755.33	191 128.20	2 167 404.36	96.65%	8.10%	6 627.13	0.31%
GROOT TOTAAL	58 036 408.44	11 539 948.23	9 976 893.83	59 599 462.84	86.46%	14.34%	1 563 054.40	2.69%
TOTAL SERVICESPOINTS								
Springbok	7 718 809.11	7 644 537.82	6 776 491.93	8 586 855.00	88.64%	44.11%	868 045.89	11.25%
Steinkopf	12 189 418.38	496 256.43	744 474.71	11 941 200.10	150.02%	5.87%	(248 218.28)	(2.04%)
Concordia	5 201 503.36	938 047.99	747 756.17	5 391 795.18	79.71%	12.18%	190 291.82	3.66%
Komaggas	13 342 315.36	487 398.66	274 507.57	13 555 206.45	56.32%	1.98%	212 891.09	1.60%
Okiep	6 542 796.94	886 006.36	675 886.84	6 752 916.46	76.28%	9.10%	210 119.52	3.21%
Nababeep	13 041 565.29	1 087 700.97	757 776.61	13 371 489.65	69.67%	5.36%	329 924.36	2.53%
	58 036 408.44	11 539 948.23	9 976 893.83	59 599 462.84	86.46%	14.34%	1 563 054.40	2.69%

- **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 86.46% for the month of 31 August 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 14.34% of outstanding moneys at 31 August 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 36.48 % in Springbok which was the highest collection rate; however the lowest collection rate was at 0.62% which was for Komaggas.

Services

From the information above the municipality collected 53.72% at Springbok which was the highest collection rate; however the lowest collection rate was at 2.59% which was for Komaggas.

Landsales

From the information above the municipality collected 13.97% at Nababeep which was the highest collection rate; however the lowest collection rate was at 0.00% which was for Kommagas.

Grazing Fees

From the information above the municipality collected 21.71 %at Springbok which was the highest collection rate; however the lowest collection rate was at 0.59 % which was for Komaggas.

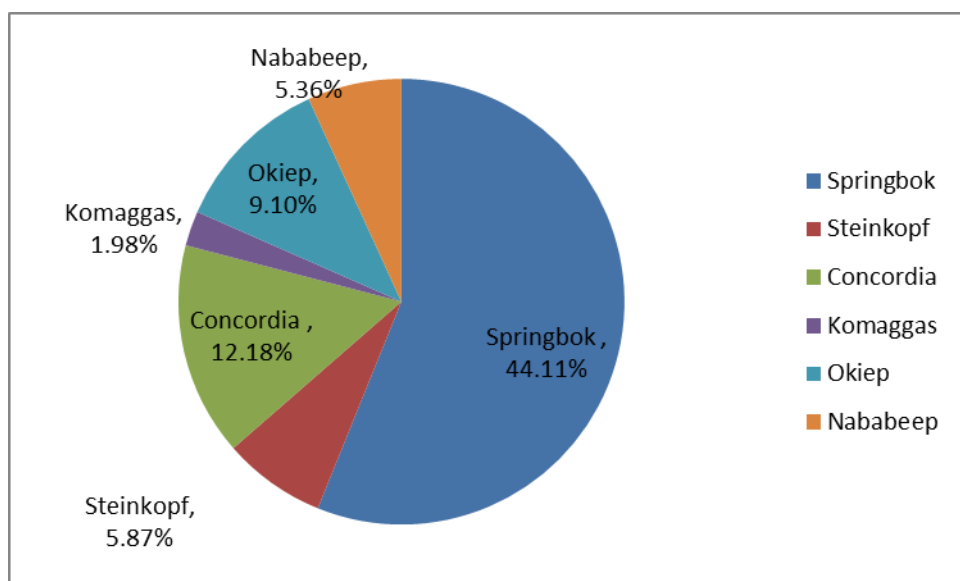
Diverse/other

From the information above the municipality collected 43.72% at Concordia which was the highest collection rate; however the lowest collection rate was at 0.07% which was for Okiep.

Service points

From the information above the municipality collected 44.11 % at Springbok which was the highest collection rate; however the lowest collection rate was at 1.98 % which was for Kommagas.

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



NAMA KHOI MUNICIPALITY								
STATISTIC OF OUTSTANDING DEBTORS PER WARD								
PERIOD 31.07.14 - 31.08.14								
WARD	U/S BALANCE 31.07.14	ADD BILLING	MINUS INCOME	U/S BALANCE 31.08.14	INCREASE/ (DECREASE)	% RATING OVER MONTHLY BILLING	% RATING OVER OUTSTAND ING	TOWNS
A	B	C	D	E	F	G	H	I
1	5 201 503.36	938 047.99	747 756.17	5 391 795.18	190 291.82	80%	14%	CONCORDIA
2*	6 175 380.51	234 479.18	1 111 617.92	5 298 241.77	(877 138.74)	216%	21%	STEINKOPF
3	6 014 037.87	865 271.90	236 351.44	6 642 958.33	628 920.46	27%	4%	STEINKOPF
4	5 101 919.30	6 832 458.53	6 007 415.91	5 926 961.92	825 042.62	88%	101%	SPRINGBOK
5	1 434 556.25	447 075.73	379 551.61	1 502 080.37	67 524.12	85%	25%	BERGSIG
6	6 542 796.94	886 006.36	675 886.84	6 752 916.46	210 119.52	76%	10%	OKIEP
7	1 182 333.56	365 003.56	389 524.41	1 157 812.71	(24 520.85)	107%	34%	MKLOOF/VWATER
8*	13 342 315.36	487 398.66	274 507.57	13 555 206.45	212 891.09	56%	2%	KGAS
9	13 041 565.29	1 087 700.97	757 776.61	13 371 489.65	329 924.36	70%	6%	NABABEEP
	58 036 408.44	12 143 442.88	10 580 388.48	59 599 462.84	1 563 054.40	87%	18%	
* WERLIKE INKOMSTE WAS R 508 123.27 AGREEMENTS VAN R 603 494.65 WAS GEDOEN								

NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August						
Summary of Employee and Councillor remuneration	Budget Year 2014/15					
	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	245 489	476 922	533 288	-56 365	89.43%
Pension and UIF Contributions	479 959	11 052	22 103	79 993	-57 890	27.63%
Motor Vehicle Allowance	799 931	83 302	164 130	133 322	30 808	123.11%
Cellphone Allowance	381 631	17 941	34 682	63 605	-28 923	54.53%
Other benefits and allowances	65 340	Nil	Nil	10 890	-10 890	No Comp
Sub Total - Councillors	4 926 587	357 783	697 836	821 098	-123 261	84.99%
Senior Managers of the Municipality						
Basic Salaries and Wages	2 937 701	258 985	504 712	489 617	15 095	103.08%
Pension and UIF Contributions	309 042	37 746	73 105	51 507	21 598	141.93%
Medical Aid Contributions	134 446	19 339	38 678	22 408	16 271	172.61%
Motor Vehicle Allowance	689 364	68 904	137 808	114 894	22 914	119.94%
Cellphone Allowance	Nil	500	1 000	Nil	1 000	No Comp
Housing Allowances	5 736	956	1 912	956	956	200.00%
Other benefits and allowances	264 847	35 825	69 467	44 141	25 326	157.38%
Long service awards	Nil	Nil	16 569	Nil	16 569	No Comp
Sub Total - Senior Managers of Municipality	4 341 136	422 255	843 252	723 523	119 730	116.55%
Other Municipal Staff						
Basic Salaries and Wages	44 085 952	3 654 522	7 313 908	7 347 659	-33 751	99.54%
Pension and UIF Contributions	5 567 956	542 902	1 078 542	927 993	150 549	116.22%
Medical Aid Contributions	1 618 999	152 566	292 216	269 833	22 383	108.30%
Overtime	Nil	234 443	438 838	Nil	438 838	No Comp
Motor Vehicle Allowance	3 963 246	281 748	563 496	660 541	-97 045	85.31%
Cellphone Allowance	Nil	7 300	8 520	Nil	8 520	No Comp
Housing Allowances	263 509	19 789	39 577	43 918	-4 341	90.12%
Other benefits and allowances	5 722 456	702 846	1 259 586	953 743	305 843	132.07%
Long service awards	Nil	21 833	34 157	Nil	34 157	No Comp
Sub Total - Other Municipal Staff	61 222 119	5 617 949	11 028 840	10 203 686	825 154	108.09%
Total Parent Municipality	70 489 842	6 397 986	12 569 929	11 748 307	821 622	106.99%
Total Employee cost	65 563 255	6 040 203	11 872 093	10 927 209		
Total Expenditure	209 794 960	17 513 805	36 785 264	32 518 632		
% of employee related cost to salaries	31%	34%	32%	34%		

YearTD – refers to Year-to-date (July –August 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 August 2014 is 34%. 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

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: 12 September 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 August2014 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

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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
Table S5	Monthly Budget Statement – Investment portfolio
Table SC6	Monthly Budget Statement – Transfer and grant receipts
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Table SC8	Monthly Budget Statement – Councillor and staff benefits
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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