



Nama Khoi Municipality

14 October 2014

The Mayor

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING
30 September 2014 (MONTHLY BUDGET STATEMENT) – 2014/2015 FINANCIAL YEAR**

1. PURPOSE

To comply with section 71 of the MFMA, by providing a monthly statement on the implementation of the budget and financial state of affairs of the municipality to the Council, as legislated.

2. STRATEGIC OBJECTIVE

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

For the reporting period ending 30 September 2014, ten working days reporting limit expires on 14 October 2014.

3. QUERIES AND SUGGESTIONS

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

4. REPORT FOR THE PERIOD ENDING 30 September 2014

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

The financial results for the period ended 30 September 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) - M03 September						
Revenue By Source	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Property rates	32 343 145	-263 000	36 588 892	31 020 017	5 568 875	117.95%
Service charges - electricity revenue	67 377 952	5 930 344	16 888 009	18 644 488	-1 756 479	90.58%
Service charges - water revenue	32 502 068	2 138 319	4 978 507	7 225 518	-2 247 011	68.90%
Service charges - sanitation revenue	9 170 014	784 083	2 292 450	2 292 503	-53	100.00%
Service charges - refuse revenue	10 957 065	797 545	2 368 738	2 739 266	-370 528	86.47%
Service charges - other	Nil	65 761	198 964	Nil	198 964	No Comp
Rental of facilities and equipment	2 001 898	135 055	-11 540	500 474	-512 015	-2.31%
Interest earned - external investments	624 300	119 738	264 363	156 075	108 288	169.38%
Interest earned - outstanding debtors	3 370 677	349 430	1 000 489	662 670	337 819	150.98%
Fines	273 406	18 041	47 875	68 352	-20 477	70.04%
Licences and permits	1 171 613	98 942	371 438	292 903	78 535	126.81%
Agency services	1 272 027	27 429	119 972	318 007	-198 035	37.73%
Transfers recognised - operational	40 346 000	1 600 000	16 504 000	19 627 850	-3 123 850	84.08%
Other revenue	6 641 655	40 897	190 231	1 790 307	-1 600 076	10.63%
Gains on disposal of PPE	5 500 000	Nil	Nil	Nil	Nil	No Comp
Total Revenue (excluding capital transfers and contributions)	213 551 820	11 842 583	81 802 387	85 338 430	-3 536 043	95.86%
Expenditure By Type						
Employee related costs	65 563 255	6 060 229	17 716 049	16 390 814	1 325 235	108.09%
Remuneration of councillors	4 926 587	370 362	1 068 198	1 231 647	-163 449	86.73%
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	59 268	104 765	363 646	-258 880	28.81%
Bulk purchases	84 833 077	5 835 615	20 858 948	21 208 269	-349 322	98.35%
Other materials	8 938 204	472 388	1 236 292	2 234 551	-998 259	55.33%
Contracted services	994 365	22 034	79 370	248 591	-169 221	31.93%
Transfers and grants	Nil	58 680	116 370	Nil	116 370	No Comp
Other expenditure	33 624 234	2 331 920	10 815 768	7 326 387	3 489 381	147.63%
Total Expenditure	209 794 960	15 210 496	51 995 760	49 003 904	2 991 856	106.11%
Surplus/(Deficit)	3 756 860	-3 367 914	29 806 626	36 334 526	-6 527 899	

Explanations on table

*Please note the following:

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

Property Rates –it shows a negative balance for the month of September 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. Income department should ensure that the income and rebates on property are captured separately.

Service charges electricity- there is a variance of 9.42%, this means the municipality over budget for this service for the month of September 2014.

Service charges water – The municipality billed only 68.90% for water service when compared to the monthly budget. The municipality needs to do a detailed investigation on what the revenue of water is, what the municipality billed for free basic services and what the exact expenditure to deliver this service is.

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

Service charges refuse removal – This variance shows that the municipality did not bill as budgeted.

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 more of equitable share in the first instalment.

Other revenue – the variance shows the municipality billed only 10.63%.

The major expenditure variances against budget are:

Employee related cost – the variance of 8.09% 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 R163 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.

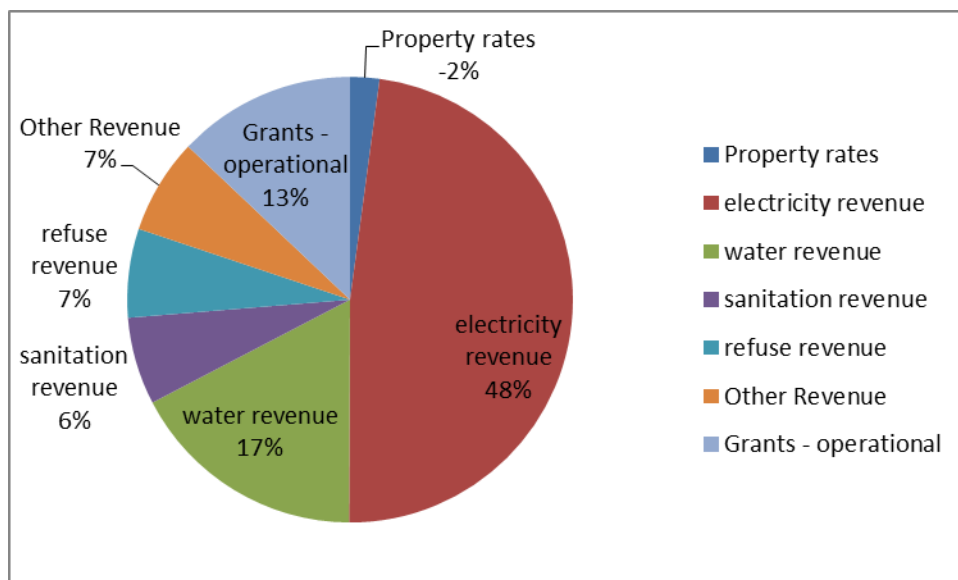
Other expenditure – Each department should investigate their budgets and start to curb expenditure of the municipality. Managers as well as their office assistants needs to familiarise themselves with the financial system which wil assist them to manage their budgets accordingly.

NC062 Nama Khoi - Table C4 Monthly Budget Statement - Financial Performance (revenue) - M03 September						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue By Source						
Property rates	32 343 145	-263 000	36 588 892	31 020 017	5 568 875	118%
Service charges - electricity revenue	67 377 952	5 930 344	16 888 009	18 644 488	-1 756 479	91%
Service charges - water revenue	32 502 068	2 138 319	4 978 507	7 225 518	-2 247 011	69%
Service charges - sanitation revenue	9 170 014	784 083	2 292 450	2 292 503	-53	100%
Service charges - refuse revenue	10 957 065	797 545	2 368 738	2 739 266	-370 528	86%
Service charges - other	-	65 761	198 964	-	198 964	
Rental of facilities and equipment	2 001 898	135 055	-11 540	500 474	-512 015	-2%
Interest earned - external investments	624 300	119 738	264 363	156 075	108 288	169%
Interest earned - outstanding debtors	3 370 677	349 430	1 000 489	662 670	337 819	151%
Fines	273 406	18 041	47 875	68 352	-20 477	70%
Licences and permits	1 171 613	98 942	371 438	292 903	78 535	127%
Agency services	1 272 027	27 429	119 972	318 007	-198 035	38%
Transfers recognised - operational	40 346 000	1 600 000	16 504 000	19 627 850	-3 123 850	84%
Other revenue	6 641 655	40 897	190 231	1 790 307	-1 600 076	11%
Gains on disposal of PPE	5 500 000	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)	213 551 820	11 842 583	81 802 387	85 338 430	-3 536 043	96%

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

CHART 1

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

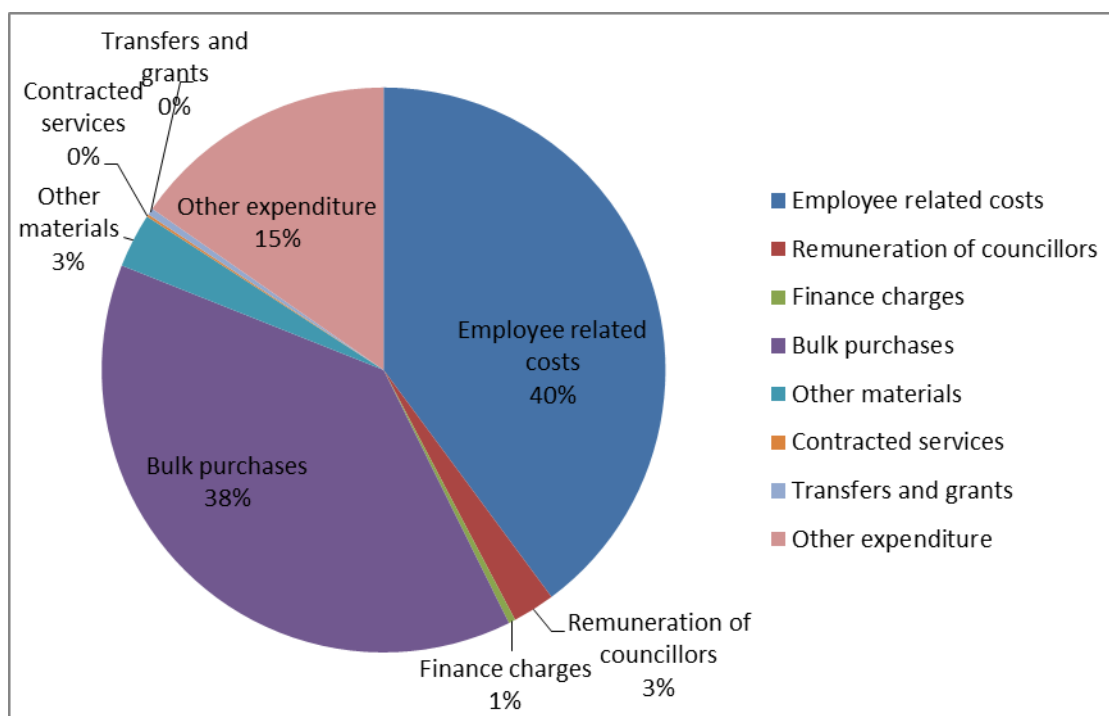


Expenditure By Type	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Employee related costs	65 563 255	6 060 229	17 716 049	16 390 814	1 325 235	108%
Remuneration of councillors	4 926 587	370 362	1 068 198	1 231 647	-163 449	87%
Debt impairment	3 764 020	-	-	-	-	
Depreciation & asset impairment	5 419 667	-	-	-	-	
Finance charges	1 731 550	59 268	104 765	363 646	-258 880	29%
Bulk purchases	84 833 077	5 835 615	20 858 948	21 208 269	-349 322	98%
Other materials	8 938 204	472 388	1 236 292	2 234 551	-998 259	55%
Contracted services	994 365	22 034	79 370	248 591	-169 221	32%
Transfers and grants	-	58 680	116 370	-	116 370	
Other expenditure	33 624 234	2 331 920	10 815 768	7 326 387	3 489 381	148%
Total Expenditure	209 794 960	15 210 496	51 995 760	49 003 904	2 991 856	106%

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

CHART 2

The following chart shows the expenditure by type in terms of expenditure at a percentage of total expenditure, Chart as per information above



The table below indicates revenue and expenditure by vote

Annexure B – Table C3

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03						
September						
Vote Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Revenue by Vote						
Vote 1 - Municipal Manager	5 318 679	21 545	84 964	2 466 156	-2 381 192	3%
Vote 2 - Financial Services	60 014 936	1 816 746	54 411 274	43 257 568	11 153 706	126%
Vote 3 - Corporate Services	6 727 215	101 967	-156 320	1 465 794	-1 622 114	-11%
Vote 4 - Community Services: Community Development	21 484 133	894 961	2 823 076	5 501 379	-2 678 303	51%
Vote 5 - Community Services: Public Safety	2 711 541	144 408	448 272	590 823	-142 551	76%
Vote 6 - Electrical Engineering Services	69 629 260	5 937 482	16 909 423	15 776 224	1 133 199	107%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	2 925 475	7 281 696	11 995 933	-4 714 237	61%
Total Revenue by Vote	213 551 820	11 842 584	81 802 385	81 053 877	748 508	101%
Expenditure by Vote						
Vote 1 - Municipal Manager	21 845 947	1 149 649	4 909 969	4 771 194	138 775	103%
Vote 2 - Financial Services	29 297 857	2 587 610	8 967 891	6 383 712	2 584 179	140%
Vote 3 - Corporate Services	13 154 123	1 269 503	4 204 677	2 866 164	1 338 513	147%
Vote 4 - Community Services: Community Development	17 513 618	1 139 040	3 394 451	3 821 052	-426 601	89%
Vote 5 - Community Services: Public Safety	6 491 700	594 187	1 764 926	1 414 488	350 438	125%
Vote 6 - Electrical Engineering Services	62 345 639	6 687 025	20 924 140	13 620 651	7 303 489	154%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	1 783 479	8 870 687	12 971 553	-4 100 866	68%
Total Expenditure by Vote	209 794 960	15 210 493	53 036 741	45 848 814	7 187 927	116%
Surplus/ (Deficit) for the year	3 756 860	-3 367 909	28 765 644	35 205 063	-6 439 419	

NC062 Nama Khoi - Table C3 Monthly Budget Statement - Financial Performance (revenue by municipal vote) - M03 September						
Revenue by Vote	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance
Vote 1 - Municipal Manager	5 318 679	21 545	84 964	2 466 156	-2 381 192	3%
Vote 2 - Financial Services	60 014 936	1 816 746	54 411 274	43 257 568	11 153 706	126%
Vote 3 - Corporate Services	6 727 215	101 967	-156 320	1 465 794	-1 622 114	-11%
Vote 4 - Community Services: Community Development	21 484 133	894 961	2 823 076	5 501 379	-2 678 303	51%
Vote 5 - Community Services: Public Safety	2 711 541	144 408	448 272	590 823	-142 551	76%
Vote 6 - Electrical Engineering Services	69 629 260	5 937 482	16 909 423	15 776 224	1 133 199	107%
Vote 7 - Infrastructure, Engineering & Technical Services	47 666 056	2 925 475	7 281 696	11 995 933	-4 714 237	61%
Total Revenue by Vote	213 551 820	11 842 584	81 802 385	81 053 877	748 508	101%

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.

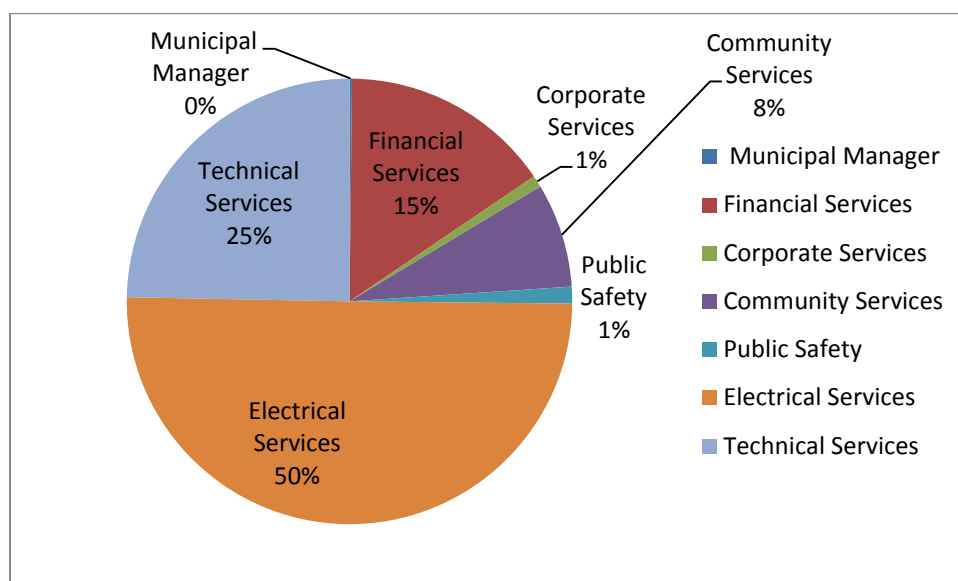
Public safety – The variance of 76% shows that the municipality billed less than what was budget under this department.

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	1 149 649	4 909 969	4 771 194	138 775	103%
Vote 2 - Financial Services	29 297 857	2 587 610	8 967 891	6 383 712	2 584 179	140%
Vote 3 - Corporate Services	13 154 123	1 269 503	4 204 677	2 866 164	1 338 513	147%
Vote 4 - Community Services: Community Development	17 513 618	1 139 040	3 394 451	3 821 052	-426 601	89%
Vote 5 - Community Services: Public Safety	6 491 700	594 187	1 764 926	1 414 488	350 438	125%
Vote 6 - Electrical Engineering Services	62 345 639	6 687 025	20 924 140	13 620 651	7 303 489	154%
Vote 7 - Infrastructure, Engineering & Technical Services	59 146 076	1 783 479	8 870 687	12 971 553	-4 100 866	68%
Total Expenditure by Vote	209 794 960	15 210 493	53 036 741	45 848 814	7 187 927	116%

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 103% 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.

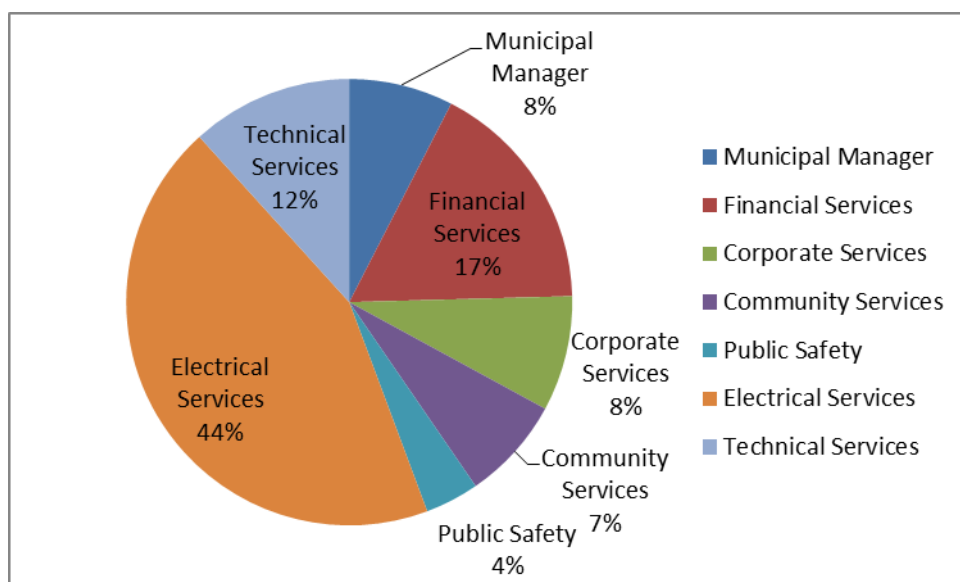
Public safety – The variance of 125% shows that this department overspent and the biggest contributor are employee related cost

Electrical Engineering Services – The variance of 154% 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
Capital Expenditure - Standard Classification					
Sport and recreation	3 400 000	-	-	1 530 000	-1 530 000
Road transport	10 579 000	71 863	253 279	4 760 550	-4 507 271
Electricity	1 000 000	-	6 323	450 000	-443 677
Waste water management	2 000 000	287 825	287 825	900 000	-612 175
Total Capital Expenditure - Standard Classificat	16 979 000	359 688	547 427	7 640 550	-7 093 123
Funded by:					
National Government	16 979 000	359 688	547 427	7 640 550	-7 093 123
Total Capital Funding	16 979 000	359 688	547 427	7 640 550	-7 093 123

Capital expenditure for the month of September was R359 688; it was highlighted by the head of Technical Services that the Capital Budget does not correspond with the Project plans of the Technical Department. The matter was referred to National Treasury for guidance. Treasury responded by stating that the municipality can only correct the budget by means of an adjusted budget after the mid-year assessment report whereby shifting of funds between the operational and capital budget can be done.

CASH FLOW STATEMENT AT 30 September 2014

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M03 September						
Description	Original Budget	Monthly actu	YearTD actual	YearTD budge	YTD variance	YTD variance
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	158 915 888	14 098 984	38 433 992	41 045 727	-2 611 735	93.64%
Government - operating	40 346 000	-	16 904 000	19 627 850	-2 723 850	86.12%
Government - capital	16 979 000	-	6 100 000	7 659 667	-1 559 667	79.64%
Interest	3 795 229	386 022	1 190 353	948 807	241 546	125.46%
Payments						
Suppliers and employees	-198 326 370	-19 665 746	-61 359 355	-49 200 431	12 127 950	124.71%
Finance charges	-206 903	-59 268	-104 765	-64 403	40 362	162.67%
NET CASH FROM/(USED) OPERATING ACTIVITIES	21 502 844	-5 240 008	1 195 200	20 017 217	-18 822 018	5.97%
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	5 719 000	Nil	Nil	Nil	Nil	No Comp
Capital assets	-16 979 000	-359 688	-541 105	-7 659 667	-7 118 562	7.06%
NET CASH FROM/(USED) INVESTING ACTIVITIES	-11 260 000	-359 688	-541 105	-7 659 667	-7 118 562	7.06%
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	-1 524 646	-259 463	-791 449	-299 243	492 206	264.48%
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 524 646	-259 463	-791 449	-299 243	492 206	264.48%
NET INCREASE/ (DECREASE) IN CASH HELD	8 718 198	-5 859 159	-168 329	12 058 308		
Cash/cash equivalents at beginning:	3 331 303		4 947 896	3 331 303		
Cash/cash equivalents at month/year end:	12 049 500		4 779 567	15 389 610		

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 R4 779 567 in the primary bank account and the year –to-date budget shows the municipality budget for a balance of R15 389 610.

The cash flow statement gives the indication as to what actual funds is available, more emphasise need put on the cash flow statement by management to control the position of the municipality and avoid the municipality having cash flow problems. Collection rates of service charges needs to be taken in consideration as it have a direct impact on moneys collected. Moneys collected from service charges needs to be more than the than the expenditure incurred for delivering the service to maintain sustainability. Although the municipality had a positive bank balance at 30 September 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 30 September 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
Debtors Age Analysis By Income Source						
Water	1 440 810	917 098	443 160	486 891	13 168 814	16 456 773
Electricity	3 989 259	1 762 872	635 095	540 243	14 714 864	21 642 333
Property Rates	5 647 350	924 306	528 264	283 366	14 532 176	21 915 462
Waste Water Management	646 398	250 404	127 905	88 644	3 532 495	4 645 846
Waste Management	634 108	299 285	195 411	176 997	8 154 851	9 460 652
Other	149 439	184 776	76 866	47 003	4 415 202	4 873 286
Total By Income Source	12 507 364	4 338 741	2 006 701	1 623 144	58 518 402	78 994 352
Debtors Age Analysis By Customer Group						
Organs of State	3 731 636	243 477	120 521	22 646	1 052 822	5 171 102
Commercial	3 303 979	1 583 633	823 282	630 502	18 705 609	25 047 005
Households	5 471 749	2 511 631	1 062 898	969 996	38 759 971	48 776 245
Total By Customer Group	12 507 364	4 338 741	2 006 701	1 623 144	58 518 402	78 994 352

Debtors Analysis

The total debtors outstanding as at 31 August 2014 was R76 967 967; the total debtors outstanding at 30 September 2014 is R78 994 352, this is an increase of R2 026 385 (2.63%) 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 R58.66 million as at 31 August 2014 and R60.14 million as at 30 September 2014, the increase for the period was R1.48 million.

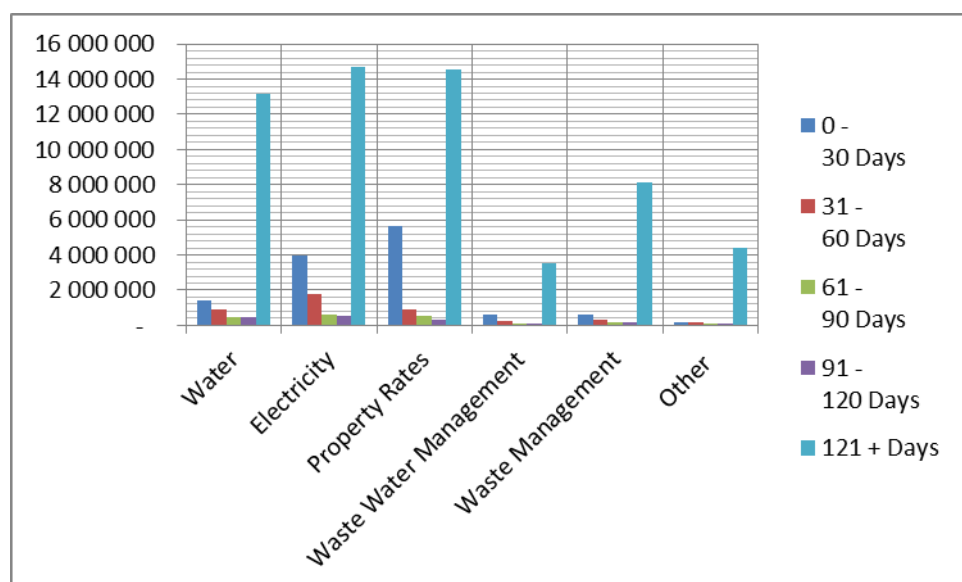
Total outstanding debtors for organs of state and commercial shows that R30 218 million outstanding at 30 September 2014 and for 31 August 2014 the amount outstanding was R30 059 million; this is an increase of R159 thousand.

Total services rendered outstanding amounts to R50 310 million as at 31 August 2014 and for 30 September 2014 R52 206 million this is an increase R1.876 thousand(3.77%). 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 30 September 2014						
Debtors Age Analysis By Income Source	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
Water	1 440 810	917 098	443 160	486 891	13 168 814	16 456 773
Electricity	3 989 259	1 762 872	635 095	540 243	14 714 864	21 642 333
Property Rates	5 647 350	924 306	528 264	283 366	14 532 176	21 915 462
Waste Water Management	646 398	250 404	127 905	88 644	3 532 495	4 645 846
Waste Management	634 108	299 285	195 411	176 997	8 154 851	9 460 652
Other	149 439	184 776	76 866	47 003	4 415 202	4 873 286
Total By Income Source	12 507 364	4 338 741	2 006 701	1 623 144	58 518 402	78 994 352

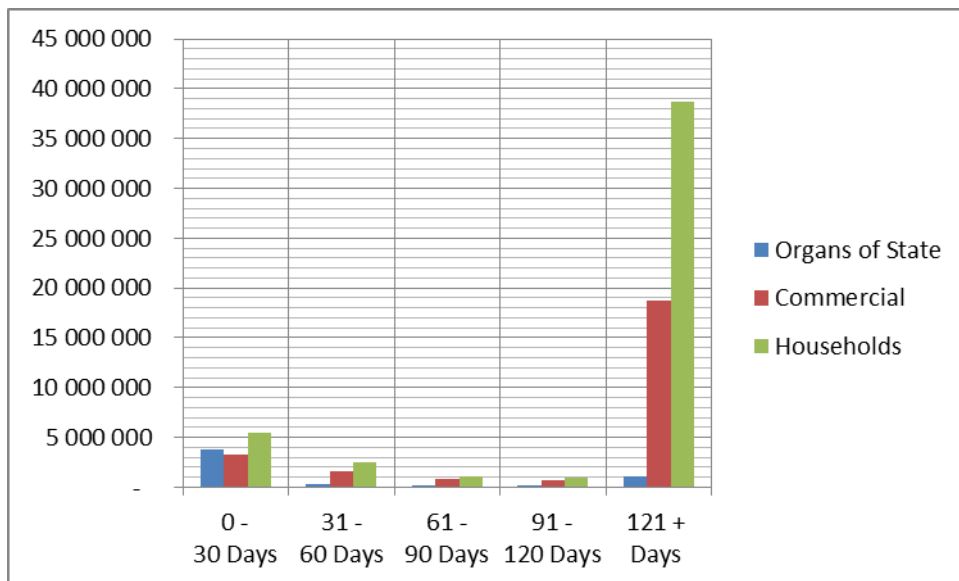
The following chart shows the debtors outstanding per revenue source, Chart as per information above



Debtors Age Analysis By Customer Group	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
Organs of State	3 731 636	243 477	120 521	22 646	1 052 822	5 171 102
Commercial	3 303 979	1 583 633	823 282	630 502	18 705 609	25 047 005
Households	5 471 749	2 511 631	1 062 898	969 996	38 759 971	48 776 245
Total By Customer Group	12 507 364	4 338 741	2 006 701	1 623 144	58 518 402	78 994 352

CHART 9

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



CREDITORS Age Analysis - Annexure B -Table SC4

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

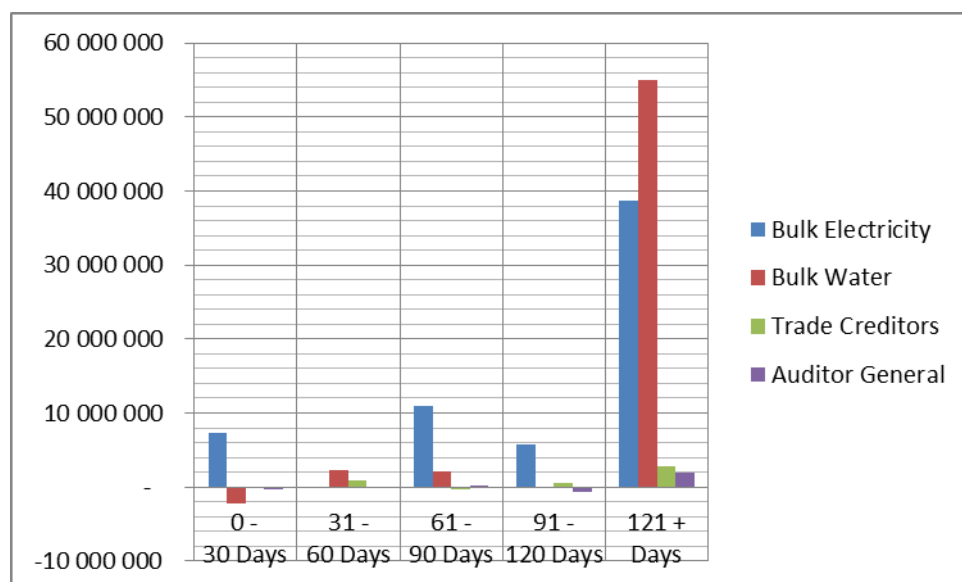
The following report shows the creditors outstanding at 30 September 2014

Creditors age analysis 30 September 2014						
Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 + Days	Total
Bulk Electricity	7 334 046	-	10 890 185	5 825 914	38 763 207	62 813 351
Bulk Water	-2 134 031	2 368 221	2 092 152	-81 827	54 935 796	57 180 311
Trade Creditors	-131 912	861 871	-289 565	478 116	2 822 132	3 740 643
Auditor General	-400 000	-	41 299	-701 713	1 925 122	864 708
Total	4 668 104	3 230 092	12 734 071	5 520 490	98 446 257	124 599 013

Creditors Analysis

The municipality's creditors outstanding are illustrated above with Bulk Electricity (ESKOM) the highest, the amount outstanding is R62 813 351 which includes a dispute from previous periods. The increase from August 2014 is R3 097 million. The fact that the municipality are only collection 15.89% as at 30 September 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, R62 813 million and August 2014 R56 743 million this means the amount outstanding increase by R6 070 million.

Bulk Water – September, R57 180 million and August 2014 R59 314 million this means the amount outstanding decrease by R2 134 million.

Trade Creditors – September, R3 740 million and August 2014 R4 180 million this means the amount decrease by R440 thousand.

Auditor General – September 2014, R864 thousand and August 2014 R1 265 million this means the amount decrease by R401 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 SEPTEMBER 2014

SERVICE POINTS	OUTSTANDING 31.08.14	ADD BILLINGS	MINUS INCOME	OUTSTANDING 30.09.14	Collection rate	Collection rate including all outstanding monies	INCREASING (DECREASING)	% INCREASE (/DECREA SE)
A	B	C	D	E	F	G	H	I
RATES:								
Springbok	3 837 500.73	2 787 797.81	2 688 213.06	3 937 085.48	96.43%	40.57%	99 584.75	2.60%
Steinkopf	4 446 505.13	267 029.06	236 129.06	4 477 405.13	88.43%	5.01%	30 900.00	0.69%
Concordia	1 577 874.63	212 962.12	187 857.12	1 602 979.63	88.21%	10.49%	25 105.00	1.59%
Komaggas	3 147 122.82	78 230.92	23 451.91	3 201 901.83	29.98%	0.73%	54 779.01	1.74%
Okiep	962 561.31	321 059.11	288 573.97	995 046.45	89.88%	22.48%	32 485.14	3.37%
Nababeep	666 833.56	297 035.97	304 662.38	659 207.15	102.57%	31.61%	(7 626.41)	(1.14%)
TOTAL RATES	14 638 398.18	3 964 114.99	3 728 887.50	14 873 625.67	94.07%	20.05%	235 227.49	1.61%
SERVICES:								
Springbok	3 867 193.94	5 199 773.23	5 460 960.21	3 606 006.96	105.02%	60.23%	(261 186.98)	(6.75%)
Steinkopf	6 235 420.14	453 089.44	345 714.45	6 342 795.13	76.30%	5.17%	107 374.99	1.72%
Concordia	3 283 741.49	1 039 134.62	606 175.90	3 716 700.21	58.33%	14.02%	432 958.72	13.18%
Komaggas	9 439 341.24	379 213.69	157 558.02	9 660 996.91	41.55%	1.60%	221 655.67	2.35%
Okiep	5 485 751.18	986 377.94	351 997.45	6 120 131.67	35.69%	5.44%	634 380.49	11.56%
Nababeep	12 282 743.82	1 240 866.12	772 409.99	12 751 199.95	62.25%	5.71%	468 456.13	3.81%
TOTAL SERVICES	40 594 191.81	9 298 455.04	7 694 816.02	42 197 830.83	82.75%	15.42%	1 603 639.02	3.95%
LANDSALES								
Springbok	52 052.92	1 535.65	1 761.63	51 826.94	114.72%	3.29%	(225.98)	(0.43%)
Steinkopf	145 158.94	320.19		145 479.13	0.00%	0.00%	320.19	0.22%
Concordia	117 364.85	758.76	1 020.84	117 102.77	134.54%	0.86%	(262.08)	(0.22%)
Komaggas	74 023.52	1 895.65	1 690.63	74 228.54	89.18%	2.23%	205.02	0.28%
Okiep	145 009.49	2 446.76	5 092.24	142 364.01	208.12%	3.45%	(2 645.48)	(1.82%)
Nababeep	27 795.22	1 107.62	5 486.93	23 415.91	495.38%	18.98%	(4 379.31)	(15.76%)
TOTAL LANDSALES	561 404.94	8 064.63	15 052.27	554 417.30	186.65%	2.64%	(6 987.64)	(1.24%)
GRAZINGFEES								
Springbok	9 436.55	2 875.61	2 941.69	9 370.47	102.30%	23.89%	(66.08)	(0.70%)
Steinkopf	785 242.00	36 628.14	32 719.95	789 150.19	89.33%	3.98%	3 908.19	0.50%
Concordia	307 244.04	34 089.20	27 738.72	313 594.52	81.37%	8.13%	6 350.48	2.07%
Komaggas	501 778.85	15 509.23	5 910.51	511 377.57	38.11%	1.14%	9 598.72	1.91%
Okiep	22 060.09	4 200.33	4 214.70	22 045.72	100.34%	16.05%	(14.37)	(0.07%)
Nababeep	12 302.02	2 615.50	2 766.23	12 151.29	105.76%	18.54%	(150.73)	(1.23%)
TOTAL GRAZINGFEE	1 638 063.55	95 918.01	76 291.80	1 657 689.76	79.54%	4.40%	19 626.21	1.20%
DIVERSE:								
Springbok	820 670.86	150 960.88	86 353.71	885 278.03	57.20%	8.89%	64 607.17	7.87%
Steinkopf *	328 873.89	14 273.72	5 478.67	337 668.94	38.38%	1.60%	8 795.05	2.67%
Concordia **	105 570.17	30 786.79	17 546.22	118 810.74	56.99%	12.87%	13 240.57	12.54%
Komaggas	392 940.02	5 638.08	96.52	398 481.58	1.71%	0.02%	5 541.56	1.41%
Okiep	137 534.39	7 266.59	236.70	144 564.28	3.26%	0.16%	7 029.89	5.11%
Nababeep	381 815.03	10 178.41	6 132.41	385 861.03	60.25%	1.56%	4 046.00	1.06%
TOTAAL DIVERSE	2 167 404.36	219 104.47	115 844.23	2 270 664.60	52.87%	4.85%	103 260.24	4.76%
GROOT TOTAAL	59 599 462.84	13 585 657.14	11 630 891.82	61 554 228.16	85.61%	15.89%	1 954 765.32	3.28%
TOTAL SERVICESPOINTS								
Springbok	8 586 855.00	8 142 943.18	8 240 230.30	8 489 567.88	101.19%	49.25%	(97 287.12)	(1.13%)
Steinkopf	11 941 200.10	771 340.55	620 042.13	12 092 498.52	80.39%	4.88%	151 298.42	1.27%
Concordia	5 391 795.18	1 317 731.49	840 338.80	5 869 187.87	63.77%	12.52%	477 392.69	8.85%
Komaggas	13 555 206.45	480 487.57	188 707.59	13 846 986.43	39.27%	1.34%	291 779.98	2.15%
Okiep	6 752 916.46	1 321 350.73	650 115.06	7 424 152.13	49.20%	8.05%	671 235.67	9.94%
Nababeep	13 371 489.65	1 551 803.62	1 091 457.94	13 831 835.33	70.33%	7.31%	460 345.68	3.44%
	59 599 462.84	13 585 657.14	11 630 891.82	61 554 228.16	85.61%	15.89%	1 954 765.32	3.28%

- **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 85.61% for the month of 30 September 2014.
 - Collection rate including all outstanding monies– The calculation take into consideration month billing plus the outstanding debt versus current actual money received; this means that the municipality are only collecting 15.89% of outstanding moneys at 30 September 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 40.57 % in Springbok which was the highest collection rate; however the lowest collection rate was at 0.73% which was for Komaggas.

Services

From the information above the municipality collected 60.23% at Springbok which was the highest collection rate; however the lowest collection rate was at 1.60% which was for Komaggas.

Landsales

From the information above the municipality collected 18.98% at Nababeep which was the highest collection rate; however the lowest collection rate was at 0.00% which was for Steinkopf.

Grazing Fees

From the information above the municipality collected 23.89 %at Springbok which was the highest collection rate; however the lowest collection rate was at 1.14 % which was for Komaggas.

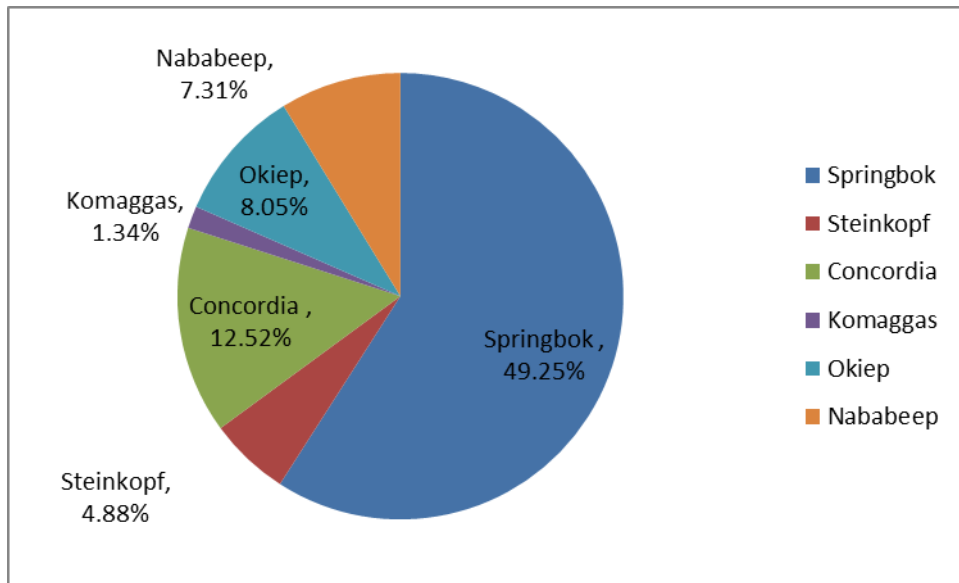
Diverse/other

From the information above the municipality collected 12.87% at Concordia which was the highest collection rate; however the lowest collection rate was at 0.02% which was for Komaggas.

Service points

From the information above the municipality collected 49.25 % at Springbok which was the highest collection rate; however the lowest collection rate was at 1.34 % 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 - M03 September						
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	255 641	732 563	799 931	-67 368	91.58%
Pension and UIF Contributions	479 959	11 052	33 155	119 990	-86 835	27.63%
Motor Vehicle Allowance	799 931	84 862	248 992	199 983	49 009	124.51%
Cellphone Allowance	381 631	18 807	53 489	95 408	-41 919	56.06%
Other benefits and allowances	65 340	Nil	Nil	16 335	-16 335	No Comp
Sub Total - Councillors	4 926 587	370 362	1 068 198	1 231 647	-163 448	86.73%
Senior Managers of the Municipality						
Basic Salaries and Wages	2 937 701	252 356	757 068	734 425	22 643	103.08%
Pension and UIF Contributions	309 042	36 553	109 658	77 260	32 397	141.93%
Medical Aid Contributions	134 446	19 339	58 018	33 611	24 406	172.61%
Motor Vehicle Allowance	689 364	68 904	206 712	172 341	34 371	119.94%
Cellphone Allowance	Nil	500	1 500	Nil	1 500	No Comp
Housing Allowances	5 736	956	2 868	1 434	1 434	200.00%
Other benefits and allowances	264 847	12 510	81 977	66 212	15 766	123.81%
Long service awards	Nil	Nil	16 569	Nil	16 569	No Comp
Sub Total - Senior Managers of Municipality	4 341 136	391 118	1 234 370	1 085 284	149 086	113.74%
Other Municipal Staff						
Basic Salaries and Wages	44 085 952	3 598 639	10 912 547	11 021 488	-108 941	99.01%
Pension and UIF Contributions	5 567 956	538 785	1 617 327	1 391 989	225 338	116.19%
Medical Aid Contributions	1 618 999	148 840	441 056	404 750	36 306	108.97%
Overtime	Nil	271 165	710 003	Nil	710 003	No Comp
Motor Vehicle Allowance	3 963 246	273 748	837 244	990 812	-153 568	84.50%
Cellphone Allowance	Nil	7 544	16 064	Nil	16 064	No Comp
Housing Allowances	263 509	18 906	58 484	65 877	-7 394	88.78%
Other benefits and allowances	5 722 456	1 194 572	2 454 157	1 430 614	1 023 543	171.55%
Long service awards	Nil	22 460	56 618	Nil	56 618	No Comp
Sub Total - Other Municipal Staff	61 222 119	6 074 659	17 103 499	15 305 530	1 797 970	111.75%
Total Parent Municipality	70 489 842	6 836 139	19 406 068	17 622 460	1 783 608	110.12%
Total Expenditure	209 794 960	15 210 496	51 995 760	49 003 904	2 991 856	106.11%
Total Employee related cost	65 563 255	6 465 777	18 337 870	16 390 814		
% employee related cost to salaries	31%	43%	35%	33%		

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 25-40% of total expenditure, the ratio for the month of September 2014 is 43%. 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:

Henri Cloete

Section Head: Financial Services

Budget & Treasury

DATE: 14 October 2014

NAMAKHOIMUNICIPALITY QUALITY CERTIFICATE

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

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

Print name:.....

Municipal Manager of Nama Khoi Municipality

Signature:.....

Date:.....

Annexure A

Reports and reportable matters

Monthly reports statements – Section 71 MFMA

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

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

(2) The statement must include –

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

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

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

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

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

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

NAMA KHOI MUNICIPALITY SCHEDULE C MONTHLY BUDGET STATEMENT

General information and contact information

Main tables

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

Supporting Tables

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

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