



**Nama Khoi Municipality**

**15 January 2024**

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): MONTHLY REPORT FOR THE PERIOD ENDING  
31 December 2023 (MONTHLY BUDGET STATEMENT) – 2023/2024 FINANCIAL YEAR.**

## **1. PURPOSE**

71. (1) The accounting officer of a municipality must by 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 financial affairs for that month and the financial year up to the end of that month:

## **2. STRATEGIC OBJECTIVE**

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

For the reporting period ended 31 December 2023

## **3. QUERIES AND SUGGESTIONS**

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

**Please note that the municipality wishes to notify the reader that information is subject to correction.**

## **4. REPORT FOR THE PERIOD ENDING 31 December 2023**

**This report is based on financial information, as of 31 December 2023, and is available at the time of preparation.**

The financial results for the period ended 31 December 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) - M06 December						
Description	Budget Year 2023/24					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue</b>						
Service charges - Electricity	149 047 037	8 555 574	54 638 433	74 523 522	- 19 885 089	73
Service charges - Water	57 175 742	3 825 964	21 056 284	28 587 870	- 7 531 586	74
Service charges - Waste Water Management	22 427 989	1 211 634	7 508 902	11 214 000	- 3 705 098	67
Service charges - Waste management	26 639 689	1 411 336	8 683 556	13 319 838	- 4 636 282	65
Sale of Goods and Rendering of Services	791 655	49 721	1 840 018	395 832	1 444 186	465
Agency services	399 827	-	44 703	199 914	- 155 211	22
Interest earned from Receivables	15 342 307	1 775 516	10 628 897	7 671 150	2 957 747	139
Interest from Current and Non Current Assets	2 084 695	37 802	2 042 609	1 042 344		196
Rent on Land	1 194 450	93 990	565 708	597 228	- 31 520	95
Rental from Fixed Assets	3 240 262	280 398	1 074 870	1 620 138	- 545 268	66
Licence and permits	1 586 366	59 768	729 092	793 182	- 64 090	92
Operational Revenue	339 897	28 873	194 498	169 950	24 548	114
Property rates	57 427 711	46 098	50 902 369	28 713 840	22 188 529	177
Fines, penalties and forfeits	574 854	59 967	172 476	287 430	- 114 954	60
Transfers and subsidies - Operational	69 179 000	16 595 435	46 065 181	34 589 502	11 475 679	133
Interest	4 186 773	459 229	2 801 985	2 093 388	708 597	134
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>411 638 254</b>	<b>34 491 305</b>	<b>208 949 581</b>	<b>205 819 128</b>	<b>3 130 453</b>	<b>102</b>
<b>Expenditure By Type</b>						
Employee related costs	102 966 854	8 276 352	49 587 807	51 483 486	- 1 895 679	96
Remuneration of councillors	6 758 975	585 855	4 126 017	3 379 482	746 535	122
Bulk purchases - electricity	138 000 000	-	45 010 432	69 000 000	- 23 989 568	65
Inventory consumed	65 596 037	129 600	21 604 254	32 798 046	- 11 193 792	66
Depreciation and amortisation	81 663 419	-	-	40 831 710	- 40 831 710	-
Interest	2 702 525	3 546	8 612 669	1 351 260	7 261 409	637
Contracted services	42 469 709	1 422 519	9 167 786	21 234 906	- 12 067 120	43
Irrecoverable debts written off	21 985 649	-	-	10 992 834	- 10 992 834	-
Operational costs	33 559 641	4 250 878	13 342 377	16 779 804	- 3 437 427	80
Other Losses	8 420 552	-	-	4 210 278	- 4 210 278	-
<b>Total Expenditure</b>	<b>504 123 361</b>	<b>14 668 750</b>	<b>151 451 342</b>	<b>252 061 806</b>	<b>- 100 610 464</b>	<b>60</b>
<b>Surplus/(Deficit)</b>	<b>- 92 485 107</b>	<b>19 822 555</b>	<b>57 498 239</b>	<b>- 46 242 678</b>	<b>103 740 917</b>	

	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue</b>						
Service charges - Electricity	149 047 037	8 555 574	54 638 433	74 523 522	- 19 885 089	73
Service charges - Water	57 175 742	3 825 964	21 056 284	28 587 870	- 7 531 586	74
Service charges - Waste Water Management	22 427 989	1 211 634	7 508 902	11 214 000	- 3 705 098	67
Service charges - Waste management	26 639 689	1 411 336	8 683 556	13 319 838	- 4 636 282	65
Sale of Goods and Rendering of Services	791 655	49 721	1 840 018	395 832	1 444 186	465
Agency services	399 827	-	44 703	199 914	- 155 211	22
Interest earned from Receivables	15 342 307	1 775 516	10 628 897	7 671 150	2 957 747	139
Interest from Current and Non Current Assets	2 084 695	37 802	2 042 609	1 042 344		196
Rent on Land	1 194 450	93 990	565 708	597 228	- 31 520	95
Rental from Fixed Assets	3 240 262	280 398	1 074 870	1 620 138	- 545 268	66
Licence and permits	1 586 366	59 768	729 092	793 182	- 64 090	92
Operational Revenue	339 897	28 873	194 498	169 950	24 548	114
Property rates	57 427 711	46 098	50 902 369	28 713 840	22 188 529	177
Fines, penalties and forfeits	574 854	59 967	172 476	287 430	- 114 954	60
Transfers and subsidies - Operational	69 179 000	16 595 435	46 065 181	34 589 502	11 475 679	133
Interest	4 186 773	459 229	2 801 985	2 093 388	708 597	134
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>411 638 254</b>	<b>34 491 305</b>	<b>208 949 581</b>	<b>205 819 128</b>	<b>3 130 453</b>	<b>102</b>

**Explanation on YTD variance % - e.g. 104% means that the municipality billed 4% more than what was budgeted and 98% means the municipality billed 2% less than what was budgeted.**

Variances to be discussed in the Institutional and Finance Committee

### **Matters of Concern**

Revenue billed should not be seen as actual cash received, The Statement of Financial Performance sometimes gives the reader the idea that the municipality already collected the billed revenue; additionally, it should not be confused with the collection rate as variances relate to the expected budgeted versus the actual billing.

The municipality is struggling to bill for all services as required; meaning that services such as water and electricity are not being used as budgeted mostly because of by-passing.

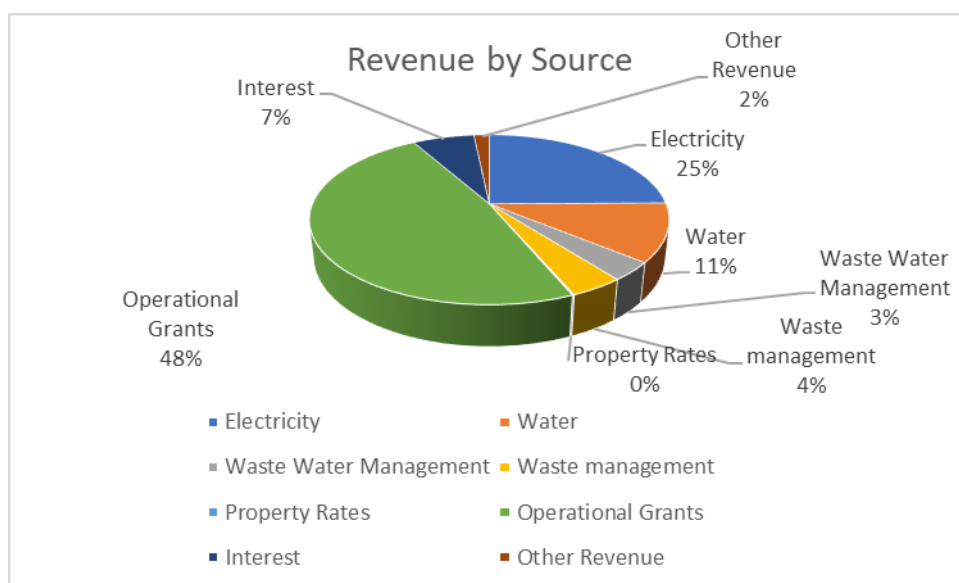
Fines, licenses, & permits vary from month to month and are difficult to budget.

Property rates were billed as ones, but it is also indicated as a monthly bill on the customer statement as per the budgeted amount.

Equitable share is received in three phases although the usage is spread over several months.

### **CHART 1**

**The following chart shows the revenue by source for the month of 31 December 2023 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	102 966 854	8 276 352	49 587 807	51 483 486	- 1 895 679	96
Remuneration of councillors	6 758 975	585 855	4 126 017	3 379 482	746 535	122
Bulk purchases - electricity	138 000 000	-	45 010 432	69 000 000	- 23 989 568	65
Inventory consumed	65 596 037	129 600	21 604 254	32 798 046	- 11 193 792	66
Depreciation and amortisation	81 663 419	-	-	40 831 710	- 40 831 710	-
Interest	2 702 525	3 546	8 612 669	1 351 260	7 261 409	637
Contracted services	42 469 709	1 422 519	9 167 786	21 234 906	- 12 067 120	43
Irrecoverable debts written off	21 985 649	-	-	10 992 834	- 10 992 834	-
Operational costs	33 559 641	4 250 878	13 342 377	16 779 804	- 3 437 427	80
Other Losses	8 420 552	-	-	4 210 278	- 4 210 278	-
<b>Total Expenditure</b>	<b>504 123 361</b>	<b>14 668 750</b>	<b>151 451 342</b>	<b>252 061 806</b>	<b>- 100 610 464</b>	<b>60</b>

## Notes on variances above/under 10%

Variances to be discussed in the Institutional and Finance Committee

### Matter of Concern

**Finance Charges** - These relate to the expenses incurred on the ESKOM account which is a fruitless and wasteful expenditure, The municipality cannot budget for such expenditures although the municipality anticipates that they might be incurred in the financial year. The municipality also received interest on an outstanding account from Vaal Central Water (Bloem Water)

**Remuneration** – Councillors received back pay in relation to the previous financial year and the monthly adjustments will be done with and Adjustment Budget.

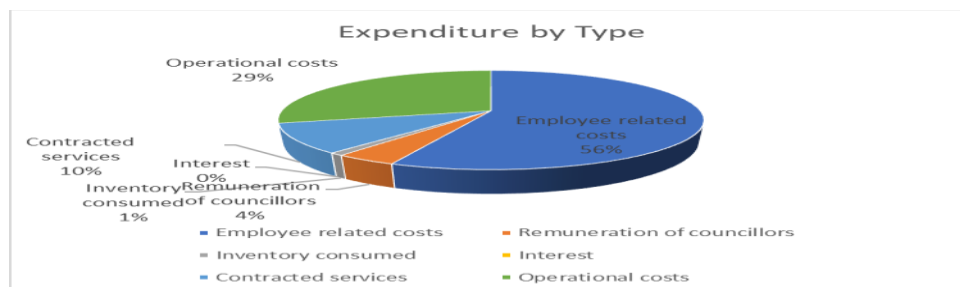
**Water Inventory** – Municipality is struggling to adhere to the monthly invoices as result of cash flow constraints.

**Debt impairment and Depreciation** - the municipality asset register is not linked to the financial systems and journals are only passed at year-end

**Contracted services and other expenditures** – related to the day-to-day operations are mostly dependent on a positive cash flow, if the municipality does not have the necessary funds available expenditures are only incurred for the most important expenditure items.

## CHART 2

The following chart shows the expenditure by type in terms of expenditure at a percentage of total expenditure, Chart as per the 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) - M06 December						
Vote Description	Budget Year 2023/24					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue by Vote</b>						
Vote 1 -MAYOR AND COUNCIL (10: IE)	317 835	28 858	185 015	158 916	26 099	116,42
Vote 2 - MUNICIPAL MANAGER (11: IE)	1 490 993	125 795	966 617	745 494	221 123	129,66
Vote 3 - CORPORATE SERVICES (13: IE)	3 073 746	262 781	898 421	1 536 882	- 638 461	58,46
Vote 4 - FINANCIAL SERVICES (15: IE)	145 696 631	18 719 789	112 492 403	72 848 298	39 644 105	154,42
Vote 5 - COMMUNITY SERVICES: COMM DEV (16: IE)	30 134 440	1 645 639	10 404 539	15 067 230	- 4 662 691	69,05
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY (17: IE)	2 066 610	55 918	678 752	1 033 302	- 354 550	65,69
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL (18: IE)	265 456 999	14 307 822	86 176 963	132 728 508	- 46 551 545	64,93
<b>Total Revenue by Vote</b>	<b>448 237 254</b>	<b>35 146 602</b>	<b>211 802 710</b>	<b>224 118 630</b>	<b>- 12 315 920</b>	<b>94,50</b>
<b>Expenditure by Vote</b>						
Vote 1 - MAYOR AND COUNCIL (10: IE)	10 100 816	714 303	4 998 403	5 050 398	- 51 995	98,97
Vote 2 - MUNICIPAL MANAGER (11: IE)	14 728 580	1 430 828	7 548 408	7 364 298	184 110	102,50
Vote 3 - CORPORATE SERVICES (13: IE)	33 853 494	1 790 173	11 249 797	16 926 774	- 5 676 977	66,46
Vote 4 - FINANCIAL SERVICES (15: IE)	37 437 975	4 822 435	25 993 634	18 718 986	7 274 648	138,86
Vote 5 - COMMUNITY SERVICES: COMM DEV (16: IE)	63 746 744	1 343 698	7 939 580	31 873 398	- 23 933 818	24,91
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY (17: IE)	11 667 561	673 965	4 725 273	5 833 782	- 1 108 509	81,00
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL (18: IE)	332 588 191	3 893 348	88 996 247	166 294 170	- 77 297 923	53,52
<b>Total Expenditure by Vote</b>	<b>504 123 361</b>	<b>14 668 750</b>	<b>151 451 342</b>	<b>252 061 806</b>	<b>- 100 610 464</b>	<b>60,09</b>
<b>Surplus/ (Deficit) for the year</b>	<b>- 55 886 107</b>	<b>20 477 852</b>	<b>60 351 368</b>	<b>- 27 943 176</b>	<b>88 294 544</b>	

## Reasons for variances above/under 10%

Variances to be discussed in the Institutional and Finance Committee

### CHART 3

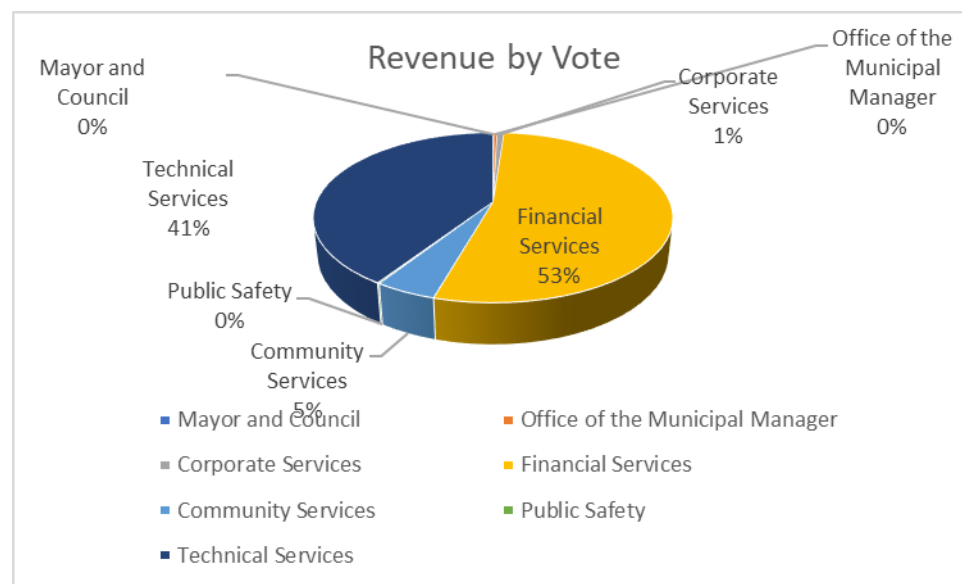
The following chart shows the revenue by vote for 31 December 2023

	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Revenue by Vote</b>						
Vote 1 -MAYOR AND COUNCIL (10: IE)	317 835	28 858	185 015	158 916	26 099	116,42
Vote 2 - MUNICIPAL MANAGER (11: IE)	1 490 993	125 795	966 617	745 494	221 123	129,66
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Vote 4 - FINANCIAL SERVICES (15: IE)	145 696 631	18 719 789	112 492 403	72 848 298	39 644 105	154,42
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Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL (18: IE)	265 456 999	14 307 822	86 176 963	132 728 508	- 46 551 545	64,93
<b>Total Revenue by Vote</b>	<b>448 237 254</b>	<b>35 146 602</b>	<b>211 802 710</b>	<b>224 118 630</b>	<b>- 12 315 920</b>	<b>94,50</b>

### Notes on Table Above

Revenue billed does not necessarily mean the monies have collected the actual cash

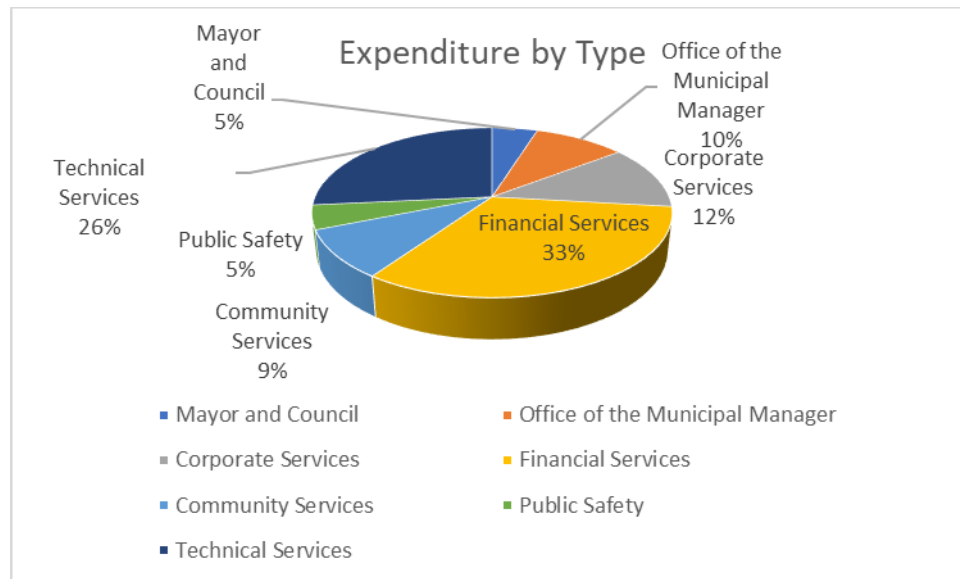
It must be noted Revenue by function includes capital revenue recognized resulting in the difference when compared to revenue by source.



## CHART 4

Expenditure by Vote	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
Vote 1 - MAYOR AND COUNCIL (10: IE)	10 100 816	714 303	4 998 403	5 050 398	- 51 995	98,97
Vote 2 - MUNICIPAL MANAGER (11: IE)	14 728 580	1 430 828	7 548 408	7 364 298	184 110	102,50
Vote 3 - CORPORATE SERVICES (13: IE)	33 853 494	1 790 173	11 249 797	16 926 774	- 5 676 977	66,46
Vote 4 - FINANCIAL SERVICES (15: IE)	37 437 975	4 822 435	25 993 634	18 718 986	7 274 648	138,86
Vote 5 - COMMUNITY SERVICES: COMM DEV (16: IE)	63 746 744	1 343 698	7 939 580	31 873 398	- 23 933 818	24,91
Vote 6 - COMMUNITY SERVICES: PUBLSAFETY (17: IE)	11 667 561	673 965	4 725 273	5 833 782	- 1 108 509	81,00
Vote 7 - INFRASTRUCTURE,ENG AND TECHNICAL (18: IE)	332 588 191	3 893 348	88 996 247	166 294 170	- 77 297 923	53,52
<b>Total Expenditure by Vote</b>	<b>504 123 361</b>	<b>14 668 750</b>	<b>151 451 342</b>	<b>252 061 806</b>	<b>- 100 610 464</b>	<b>60,09</b>

The following chart shows the expenditure by vote for 31 December 2023



## Reasons for variances above/under 10%

Variances to be discussed in the Institutional and Finance Committee



## Capital expenditure report (Annexure B – Table C5)

The Capital expenditure report shown in Annexure B has been prepared based on the format required by the National Treasury.

Please note Capital Expenditure is subject to correction.

Capital Expenditure 31 December 2023					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance
<b>Capital Expenditure - Functional Classification</b>					
Governance and administration	17 100 000	-	-	8 550 000	- 8 550 000
Executive and council	17 100 000	-	-	8 550 000	- 8 550 000
Planning and development	-	46 424	222 907	-	222 907
Energy sources	1 600 000	-	-	799 998	- 799 998
Water management	600 000	-	-	300 000	- 300 000
Waste water management	36 599 000	569 824	2 480 982	18 299 502	- 15 818 520
<b>Total Capital Expenditure - Functional Classification</b>	<b>55 899 000</b>	<b>616 248</b>	<b>2 703 889</b>	<b>27 949 500</b>	<b>- 25 245 611</b>
<b>Funded by:</b>					
National Government	36 599 000	569 824	2 480 982	18 299 502	- 15 818 520
Internally generated funds	19 300 000	46 424	222 907	9 649 998	- 9 427 091
<b>Total Capital Funding</b>	<b>55 899 000</b>	<b>616 248</b>	<b>2 703 889</b>	<b>27 949 500</b>	<b>- 25 245 611</b>

Capital expenditure and projects are discussed in the Infrastructure Committee meeting.

## CASH FLOW STATEMENT ON 31 December 2023

NC062 Nama Khoi - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		43 771	61 477		2 987	24 922	–	24 922	#DIV/0!	–
Service charges		170 063	306 391		14 082	71 484	–	71 484	#DIV/0!	–
Other revenue		42 029	7 876		1 687	68 894	213 186	(144 292)	-68%	426 372
Transfers and Subsidies - Operational		59 387	14 029		16 374	88 518	–	88 518	#DIV/0!	–
Transfers and Subsidies - Capital		9 375	36 599		215	2 273	–	2 273	#DIV/0!	–
Interest		–	2 085		–	–	1 042	(1 042)	-100%	2 085
Dividends		–	–		–	–	–	–		–
<b>Payments</b>										
Suppliers and employees		(290 632)	(389 100)		(25 116)	(142 489)	(194 550)	(52 061)	27%	(389 100)
Interest		(2 275)	(2 703)		(3)	(3 584)	(1 351)	2 232	-165%	(2 703)
Transfers and Subsidies		–	–		–	–	–	–		–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>31 718</b>	<b>36 654</b>	<b>–</b>	<b>10 227</b>	<b>110 019</b>	<b>18 327</b>	<b>(91 692)</b>	<b>-500%</b>	<b>36 654</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		11	–		–	–	–	–		–
Decrease (increase) in non-current receivables		–	–		–	–	–	–		–
Decrease (increase) in non-current investments		–	–		–	–	–	–		–
<b>Payments</b>										
Capital assets		(5 081)	(55 899)		544	638	–	(638)	#DIV/0!	–
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(5 070)</b>	<b>(55 899)</b>	<b>–</b>	<b>544</b>	<b>638</b>	<b>–</b>	<b>(638)</b>	<b>#DIV/0!</b>	<b>–</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–		–	–	–	–		–
Borrowing long term/refinancing		25 000	–		6 000	(1 274)	–	(1 274)	#DIV/0!	–
Increase (decrease) in consumer deposits		–	–		–	–	–	–		–
<b>Payments</b>										
Repayment of borrowing		(440)	–		–	–	–	–		–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>24 560</b>	<b>–</b>	<b>–</b>	<b>6 000</b>	<b>(1 274)</b>	<b>–</b>	<b>1 274</b>	<b>#DIV/0!</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>51 208</b>	<b>(19 245)</b>	<b>–</b>	<b>16 771</b>	<b>109 383</b>	<b>18 327</b>			<b>36 654</b>
Cash/cash equivalents at beginning:		(4 438)	24 517		(7 511)	(46 106)	24 517			(46 106)
Cash/cash equivalents at month/year end:		46 770	5 272	–	9 261	63 277	14 894			–

### Notes on the Cash Flow Statement

Please note that opening and closing balances are subject to correction and include conditional grants.

Balance in condition grants also includes a loan that was transferred to the interest-bearing account and incorrectly shows under operational grants.

Municipality Council has approved the upgrade from Promun 2 to Promun 3 where the Cash Flow Statement amongst other issues on the C-Schedule will be dealt with.

## Debtors Age Analysis - Annexure B -Table SC3

The debtor's age analysis report shown in Annexure B has been prepared based on the format required by the National Treasury. The following report shows the debtor's outstanding on 31 December 2023.

NC062 Nama Khoi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December						
Description	Budget Year 2023/24					
Debtors Age Analysis By Income Source	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Water	4 507 092	2 770 469	1 865 695	1 780 593	98 291 672	109 215 521
Electricity	5 291 283	1 835 612	1 332 985	1 068 132	84 843 398	94 371 410
Property Rates	3 607 014	1 637 152	1 312 085	2 798 157	70 465 880	79 820 288
Waste Water Management	1 291 319	680 930	568 066	527 552	23 713 305	26 781 172
Waste Management	1 810 658	1 092 915	951 032	902 626	48 879 335	53 636 566
Property Rental Debtors	332 563	309 484	401 540	253 761	15 288 272	16 585 620
<b>Total By Income Source</b>	<b>16 839 929</b>	<b>8 326 562</b>	<b>6 431 403</b>	<b>7 330 821</b>	<b>341 481 862</b>	<b>380 410 577</b>
					-	
<b>Debtors Age Analysis By Customer Group</b>					-	
Organs of State	1 127 914	617 624	421 347	1 781 318	8 918 052	12 866 255
Commercial	6 866 530	2 404 772	1 821 126	1 596 848	105 380 841	118 070 117
Households	8 845 485	5 304 166	4 188 930	3 952 655	227 182 969	249 474 205
<b>Total By Customer Group</b>	<b>16 839 929</b>	<b>8 326 562</b>	<b>6 431 403</b>	<b>7 330 821</b>	<b>341 481 862</b>	<b>380 410 577</b>

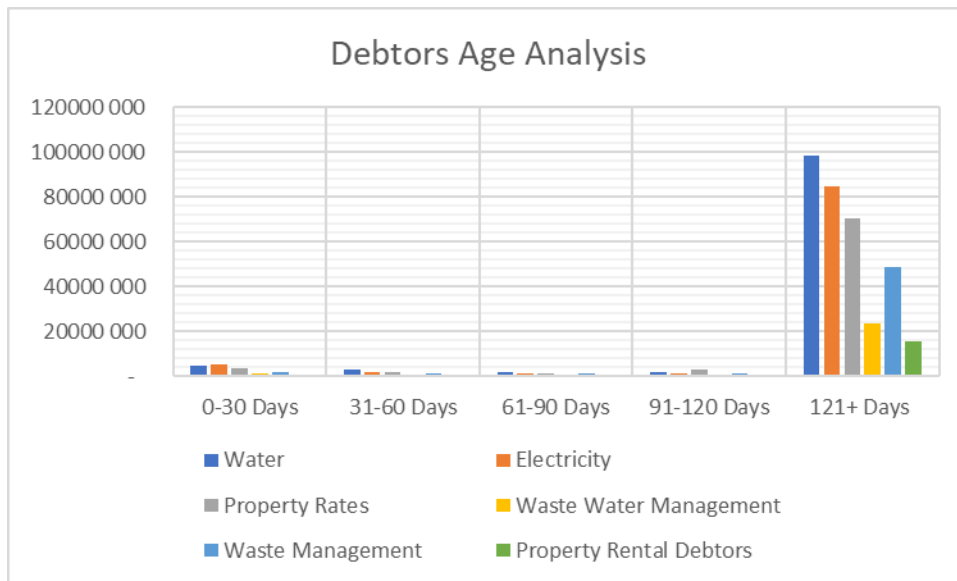
The debtor's outstanding for more than 121 days amounts to R341 481 862.

Debtors are increasing every month if the period is more than 60 days and 90 days are checked it is clear there is a constant increase, on the debtor's books there are many disputes which result in no or low payments on accounts. Several past action plans and debt collection procedures have been introduced but have not been successful. Debt control reports will be submitted to show the success and challenges of recovering debt.

## Chart 8 – Debtors per revenue source

Debtors Age Analysis By Income Source	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Water	4 507 092	2 770 469	1 865 695	1 780 593	98 291 672	109 215 521
Electricity	5 291 283	1 835 612	1 332 985	1 068 132	84 843 398	94 371 410
Property Rates	3 607 014	1 637 152	1 312 085	2 798 157	70 465 880	79 820 288
Waste Water Management	1 291 319	680 930	568 066	527 552	23 713 305	26 781 172
Waste Management	1 810 658	1 092 915	951 032	902 626	48 879 335	53 636 566
Property Rental Debtors	332 563	309 484	401 540	253 761	15 288 272	16 585 620
<b>Total By Income Source</b>	<b>16 839 929</b>	<b>8 326 562</b>	<b>6 431 403</b>	<b>7 330 821</b>	<b>341 481 862</b>	<b>380 410 577</b>

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

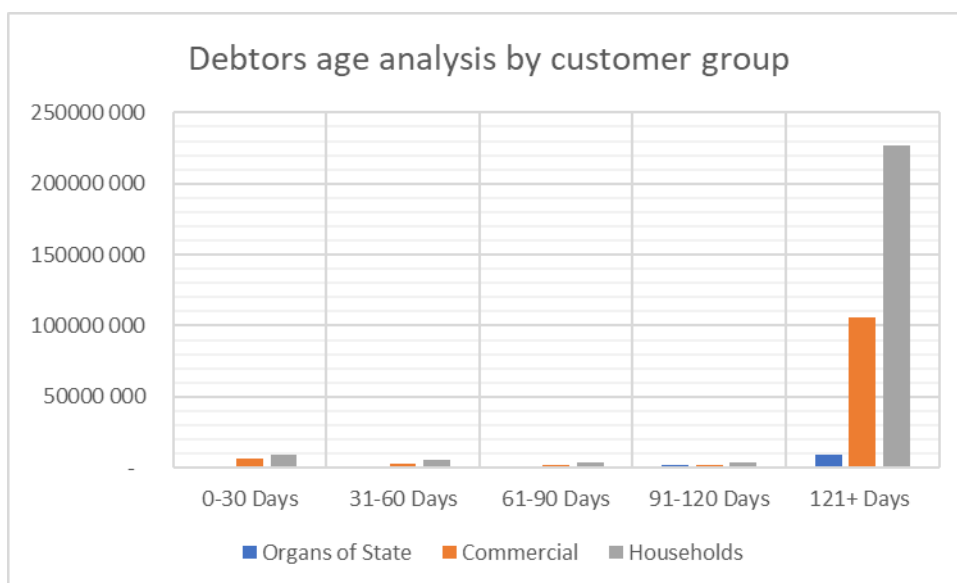


### Debtor Age Analysis by Category

Debtors Age Analysis By Customer Group	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
Organs of State	1 127 914	617 624	421 347	1 781 318	8 918 052	12 866 255
Commercial	6 866 530	2 404 772	1 821 126	1 596 848	105 380 841	118 070 117
Households	8 845 485	5 304 166	4 188 930	3 952 655	227 182 969	249 474 205
<b>Total By Customer Group</b>	<b>16 839 929</b>	<b>8 326 562</b>	<b>6 431 403</b>	<b>7 330 821</b>	<b>341 481 862</b>	<b>380 410 577</b>

### CHART 9

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



## CREDITORS Age Analysis - Annexure B -Table SC4

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

The following report shows the creditor's outstanding on 31 December 2023.

NC062 Nama Khoi - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December						
Description	Budget Year 2023/24					
Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121+ Days	Total
Bulk Electricity	-	11 031 282	4 486 555	4 008 964	226 405 048	214 896 175
Bulk Water	-	3 476 506	4 020 252	2 607 207	210 580 361	220 684 326
Trade Creditors	194 771	110 893	78 744	76 801	111 781	197 602
Auditor General	1 054 241	1 300 630	250 000	804 528	179 776	3 089 175
Other	655 297	627 642	300 374	223 660	369 236	182 453
<b>Total By Customer Type</b>	<b>204 173</b>	<b>5 515 611</b>	<b>1 095 421</b>	<b>7 273 840</b>	437 422 640	<b>438 289 621</b>

### Creditors Analysis

Please note creditors' report is subject to correction

From the creditors' age analysis, the municipality has two main creditors: ESKOM and Sedibeng.

The municipality applied for the Debt Relief Program and was successful in the application, furthermore payments thus has been made in consultation with ESKOM.

The municipality have a National Dispute with Sedibeng Water now Central Vaal Water

The municipality has all other creditors in control with the municipality either having verbal agreements or payment arrangements.

NC062 Nama Khoi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December						
Summary of Employee and Councillor remuneration	Budget Year 2023/24					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>Councillors (Political Office Bearers plus Other)</b>						
Basic Salaries and Wages	5 648 146	485 428	3 490 133	2 824 068	666 065	124
Cellphone Allowance	693 600	61 200	408 000	346 800	61 200	118
Other benefits and allowances	417 229	39 227	227 884	208 614	19 270	109
<b>Sub Total - Councillors</b>	<b>6 758 975</b>	<b>585 855</b>	<b>4 126 017</b>	<b>3 379 482</b>	<b>746 535</b>	<b>122</b>
<b>Senior Managers of the Municipality</b>						
Basic Salaries and Wages	3 530 398	246 020	1 716 696	1 765 200	- 48 504	97
Pension and UIF Contributions	10 855	354	2 124	5 430	- 3 306	39
Performance Bonus	443 740	230 760	333 921	221 874	112 047	151
Motor Vehicle Allowance	1 546 588	40 764	184 584	773 298	- 588 714	24
Cellphone Allowance	80 864	2 637	15 822	40 434	- 24 612	39
Housing Allowances	190 770	11 809	70 854	95 382	- 24 528	74
Other benefits and allowances	664	22	132	330	- 198	40
Long service awards	35 835	-	-	17 916	- 17 916	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>5 839 714</b>	<b>532 366</b>	<b>2 324 133</b>	<b>2 919 864</b>	<b>- 595 731</b>	<b>80</b>
<b>Other Municipal Staff</b>						
Basic Salaries and Wages	61 062 509	4 814 134	30 114 356	30 531 264	- 416 908	99
Pension and UIF Contributions	9 700 260	773 155	4 773 856	4 850 130	- 76 274	98
Medical Aid Contributions	4 328 448	306 248	1 880 932	2 164 224	- 283 292	87
Overtime	6 962 609	655 202	3 816 282	3 481 308	334 974	110
13th Cheque	4 621 059	370 996	2 548 767	2 310 528	238 239	110
Motor Vehicle Allowance	3 109 403	107 400	411 811	1 554 708	- 1 142 897	26
Cellphone Allowance	213 156	15 893	103 541	106 572	- 3 031	97
Housing Allowances	1 045 372	62 601	410 230	522 690	- 112 460	78
<b>Sub Total - Other Municipal Staff</b>	<b>91 042 816</b>	<b>7 105 629</b>	<b>44 059 775</b>	<b>45 521 424</b>	<b>- 1 461 649</b>	<b>97</b>
<b>Total Parent Municipality</b>	<b>103 641 505</b>	<b>8 223 850</b>	<b>50 509 925</b>	<b>51 820 770</b>	<b>- 1 310 845</b>	<b>97</b>
<b>Total Employee Cost</b>	<b>96 882 530</b>	<b>7 637 995</b>	<b>46 383 908</b>	<b>48 441 288</b>		
<b>Revenue</b>	<b>411 638 254</b>	<b>34 491 305</b>	<b>208 949 581</b>	<b>205 819 128</b>		
<b>Expenditure</b>	<b>504 123 361</b>	<b>14 668 750</b>	<b>151 451 342</b>	<b>252 061 806</b>		
<b>%Employee Cost to Revenue</b>	<b>24</b>	<b>22</b>	<b>22</b>	<b>24</b>		
<b>%Employee Cost to Expenditure</b>	<b>19</b>	<b>52</b>	<b>31</b>	<b>19</b>		

**Employee-related cost to total expenditure** – Please note employee cost against expenditure amounts to 52

Revenue Collection by ward to be submitted with the Section 72/Mid Year Assessment Report

**Interest on Call Accounts report to be submitted with the Section 72/Mid Year Assessment Report**



**VAT Report to be submitted with the Section 72/Mid-Year Assessment Report**

## **Notes on Audit Report**

The audit process has concluded.

Municipality received Qualification with one finding.

The municipality disputed the outcome and presented the Auditor General with supporting information.

The municipality awaits the response on the dispute declared.

## Financial Implications /Recommendations

### Revenue by Type:

**64.** (1) A municipality's accounting officer is responsible for managing the municipality's revenue. (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure— (a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy; (b) that revenue due to the municipality is calculated on a monthly basis; (c) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as Augustbe prescribed where monthly accounts are uneconomical; (d) that all money received is promptly deposited in accordance with this Act into the municipality's primary and other bank accounts; (e) that the municipality has and maintains a management, accounting and information system which— (i) recognises revenue when it is earned; (ii) accounts for debtors; and (iii) accounts for receipts of revenue; (f) that the municipality has and maintains a system of internal control in respect of debtors and revenue, as Augustbe prescribed; (g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and (h) that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis. (3) The accounting officer must immediately inform the National Treasury of any payments due by an organ of state to the municipality regarding municipal tax or for municipal services if such payments are regularly in arrears for more than 30 days. (4) The accounting officer must take all reasonable steps to ensure— (a) that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least every week; and

(b) that such funds are not used for purposes of the municipality

### Expenditure by type:

**65.** (1) The accounting officer of a municipality is responsible for the management of the expenditure of the municipality. (2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure— (a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds; (b) that the municipality has and maintains a management, accounting and information system which— (i) recognises expenditure when it is incurred; (ii) accounts for creditors of the municipality; and (iii) accounts for payments made by the municipality; (c) that the municipality has and maintains a system of internal control in respect of creditors and payments; (d) that payments by the municipality are made— (i) directly to the person to whom it is due unless agreed otherwise for reasons as Augustbe prescribed; and (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques Augustbe made for exceptional reasons only, and only up to a prescribed limit; (e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure; (f) that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments; (g) that any dispute concerning payments due by the

municipality to another organ of state is disposed of in terms of legislation regulating disputes between organs of state; (h) that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework; (i) that the municipality's supply chain management policy referred to in section 111 is implemented in a way that is fair, equitable, transparent, competitive and cost-effective; and (j) that all financial accounts of the municipality are closed at the end of each month and reconciled with its records.

#### **Capital Expenditure:**

19. (1) A municipality Augustspend money on a capital project only if— (a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2); (b) the project, including the total cost, has been approved by the council; (c) section 33 has been complied with, to the extent that that section Septemberapplies to the project; and (d) the sources of funding have been considered, are available and have not been committed for other purposes. (2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider— (a) the projected cost covering all financial years until the project is operational; and (b) the future operational costs and revenue on the project, including municipal tax and tariff implications. (3) A municipal council Augustin terms of subsection (1)(b) approves capital projects below a prescribed value either individually or as part of a consolidated capital program.

#### **Cash Flow Statement:**

Expenditure should be linked to the cash flow budget, once cash is less than budget corrections must be done to avoid the municipality running into cash flow problems. The municipality should strive to use the cash received wisely and for the intended purpose as planned. The municipality should strive to spend less cash than it has received to avoid going into a negative cash balance. Revenue/Cash recovery must be structured so that the old outstanding funds received will be used to either settle outstanding creditors or fund projects that can enhance revenue recovery.

#### **Debtors Analysis**

The municipality needs to ensure better distribution of information to the community as well as Councillors. The distribution of monthly accounts should be 100% correct and all methods of distributing accounts should be explored with the best methods being introduced for the different wards. The municipality must also establish a better workflow between departments to ensure the community won't end up with unnecessary accounts.

### **Creditors Analysis**

The municipality must adhere to paying monthly creditors on time, and old outstanding debt must be prioritized and linked to the Funded Budget Plan. Intervention is needed regarding the outstanding debt of bulk services. The municipality should strive to receive accounts that can be serviced every month; therefore, communication between all relevant parties is vital. The municipality needs to finalize the action plans against the two biggest creditors.

### **General Note**

The municipality received letters from National Treasury regarding the unfunded budget status, the municipality are advised to adhere to Cost Containment measures and are advised to do the necessary corrections to ensure that Adjustment Budget of February 2024 will be funded. Thus far the municipality has implemented Cost Containment, does have a Funded Budget Plan and are reporting on the progress on the Debt Relief monitoring plan. It must be noted that several disciplinary cases are currently underway, and the outcomes of these case has resulted in the municipality paying settlement amounts or paying the last benefits due to these officials. Revenue enhancement initiatives as per the Funded Budget Plan are underway and progress on these initiatives are highlighted in the Funded Budget Plan.

### **Circular 124 Debt Relief**

Monthly monitoring tool to be submitted.

### **Funded Budget Plan and Cost Containment Report**

Progress on the Funded Budget completed as required, report will be submitted as required.

Progress on the Cost Containment Report is completed as required, report it will be submitted as required.

### **Notes on Funded Budget Plan**

The positive on the funded budget plan are illustrated on the weekly Syntell Progress reports as well as the DBSA/Jika non-revenue progress reports.

Cost of Supply studies was submitted in December 2023

Additional fleet for Service delivery is due late January 2024

### **Notes on the Cost Containment Report**

Expenditure for legal fees is overspent at this stage this is as result of the number of disciplinary cases that has been referred to legal action, it must be noted that a number of officials has been dismiss as result of the legal expertise used.

### **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 with section 71 of the MFMA, by providing a statement to the Council containing certain financial particulars.

### **Prepared By:**

Heinri Cloete

Chief Financial Officer

## **NAMAKHOI MUNICIPALITY QUALITY CERTIFICATE**

I, ....., the Municipal Manager of Nama Khoi Municipality, hereby certify that  
—

- The monthly report on the implementation of the municipal budget and financial state affairs for the month ending 31 December 2023 has been prepared by the Municipal Finance Management Act 71 and regulations made under that Act.

**Print Name: J I Swartz**

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 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 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 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 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 the electronic format.
- (5) The accounting officer of a municipality that 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 prescribed, a consolidated statement in the prescribed format on the state of municipalities' budget per municipality and municipal entity. The MEC for finance must submit such consolidated statements to the provincial legislature no later than 45 days after the end of each quarter.

<b>NAMA KHOI MUNICIPALITY SCHEDULE C MONTHLY BUDGET STATEMENT</b>	
<b>General information and contact information</b>	
<b>Main tables</b>	<b>Consolidated Monthly Statements</b>
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
<b>Supporting Tables</b>	
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