

MONTHLY FINANCE REPORT – SEPTEMBER 2018 (CFO)

PURPOSE

To submit to the Executive Management Committee the Monthly Finance Report for September 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003.

BACKGROUND

Section 71 of the Municipal Finance Management Act no 56 of 2003 states that the Accounting Officer must submit to the Executive Mayor a statement in a 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:

- 1) Actual revenue per revenue source
- 2) Actual borrowings
- 3) Actual expenditure per vote
- 4) Actual capital expenditure per vote
- 5) The amount of any allocations received
- 6) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

1. After the billing cycle the Income Department compile the income reports which consist of the following and submit to the Budget Department:
 - Billing and Income per month
 - Top Outstanding debtors for the month
 - Income per ward
 - Debtors age analysis per service
2. After month end the ICT Department runs all the month end reports.
3. The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
4. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
5. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
6. The Section 71 report is then compiled with all the information received from other sections and extracted from the Solar System.

DISCUSSIONS

The finance report for September 2018 is attached on.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (September 2018)	For Year to date (2018/2019)
All Grants Received	-	269 161 000
Actual Revenue Received	84 804 655	262 269 754
Actual Expenditure	97 085 649	350 694 997
Salaries	59 718 345	178 977 306
Water	2 242 174	2 242 174
Electricity	2 083 489	88 897 136
Other Expenditure	33 041 641	80 578 381
Sub-Total	-12 280 994	180 735 757
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-12 280 994	180 735 757
MIG Payments	6 727 156	23 088 504
INEG Payments	-	-
WSIG Payments	-	-
Capital Assets procured - Equitable Share	-	-
Fleet & Equipment	-	-
Office convention/ Furniture	-	-
Net Surplus/(Deficit) after Capital payments	-19 008 150	

Table 1: The municipality had a deficit of R19 008 150 for the month of September after capital payments. This deficit indicates that the expenditure incurred is more than the revenue received for month.

TABLE 2	Actual For the Month (September 2018)	For Year to date (2018/2019)
Total Billings	150 368 412	489 065 921
Less: Indigent Billings	2 260 542	3 273 266
Actual Billings	148 107 870	485 792 655
Actual Revenue Received	83 715 418	258 532 866
Consumer Revenue	77 571 943	232 878 069
Other	6 143 474	25 654 796
Grants & Subsidies	-	269 161 000

Pay rate for September 2018 (Total Billings)	57%
Total income percentage - September 2018	57%
Total income percentage – YTD	54%

The pay rate for September 2018 was 57%

The total income percentage September 2018 was 57%.

In order for the municipality to be financially sustainable the pay rate will have to be increased to 80% monthly on the consumer services.

LEGAL IMPLICATIONS

The Finance Report is submitted in compliance with Section 71 of the MFMA no 56 of 2003.

RECOMMENDATION

1. That the Finance Report for September 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for September 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.