

THREE MONTHS FINANCE REPORT – JULY - SEPTEMBER 2019 (CFO)

PURPOSE

To submit to the Executive Management Committee three Months Finance Report for July - September 2019 in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003.

BACKGROUND

Section 52(d) 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 quarter and for the financial year up to the end of that quarter:

- 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 52 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 Information Communication Technology 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 52(d) report is then compiled with all the information received from other sections and extracted from the Solar System.

DISCUSSIONS

The finance reports for July - September 2019 are attached on **page 1 to 11 of the Annexures.**

FINANCIAL IMPLICATIONS

TABLE 1	Budget for three months	Actual for three months (2019/2020)
Actual Revenue Received	539 867 596	311 946 099
All Grants Received	170 987 000	238 660 000
Total Income	710 854 596	550 606 099
Actual Expenditure	811 554 128	304 657 498
Salaries	204 697 424	192 708 600
Water	129 322 839	5 217 391
Electricity	127 838 000	14 647 496
Other Expenditure	349 695 866	92 084 011
Net Surplus/(Deficit) before Capital payments	(100 699 532)	245 948 601

MIG Payments	18 675 417
INEG Payments	-
WSIG Payments	4 152 284

Capital Assets procured - Equitable Share	-
Fleet & Equipment	-
Office convention/ Furniture	-

Net Surplus/(Deficit) after Capital payments	223 120 900
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Table 1: The municipality had a surplus of R223 120 900 for the quarter after capital payments, this indicates that the actual amount received is above the amount paid for the quarter. The Municipality incurred less expenditure than amount received for three months period ending September 2019.

TABLE 2	Actual for three months (2019/2020)
Total Billings	549 102 031
Less: Indigent Billings	9 157 174
Actual Billings	539 944 857
Actual Revenue Received	308 236 662
Consumer Revenue	292 979 844
Other	15 256 818
Grants & Subsidies	238 660 000

Pay rate for First quarter (Total Billings)	57%
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Total income percentage - First quarter	58%
Total income percentage – YTD	58%

The pay rate for the first quarter was 57%

The total income percentage for the first quarter was 58%.

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 budget report is submitted in compliance with Section 52(d) of the MFMA no 56 of 2003. Section 52(d) stipulates that the mayor of the Municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the Municipality.

RECOMMENDATION

1. That the Finance Report for the Quarter (July - September 2019) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for the Quarter (July - September 2019) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.