

## **MONTHLY FINANCE REPORT – AUGUST 2018 (ACFO)**

### **PURPOSE**

To submit to the Executive Management Committee the Monthly Finance Report for August 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 August 2018 is attached on.

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Actual For the Month (August 2018)</b>	<b>For Year to date (2018/2019)</b>
All Grants Received	-	<b>266 946 000</b>
Actual Revenue Received	<b>97 822 211</b>	<b>177 465 099</b>
Actual Expenditure	<b>116 338 318</b>	<b>253 609 348</b>
Salaries	65 647 343	119 258 961
Water	-	-
Electricity	17 975 948	86 813 647
Other Expenditure	32 715 027	47 536 740
<b>Sub-Total</b>	<b>-18 516 107</b>	<b>190 798 751</b>
Loan Redemptions	-	-
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>-18 516 107</b>	<b>190 798 751</b>
MIG Payments	<b>5 308 383</b>	<b>16 361 348</b>
INEG Payments	-	-
WSIG Payments	-	-
<b>Capital Assets procured - Equitable Share</b>	<b>-</b>	<b>-</b>
Fleet & Equipment	-	-
Office convention/ Furniture	-	-
<b>Net Surplus/(Deficit) after Capital payments</b>	<b>-23 824 490</b>	

Table 1: The municipality had a deficit of R23 824 490 for the month of August after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month.

<b>TABLE 2</b>	<b>Actual For the Month (August 2018)</b>	<b>For Year to date (2018/2019)</b>
Total Billings	152 560 646	338 697 509
Less: Indigent Billings	1 012 724	1 012 724
Actual Billings	<b>151 547 922</b>	<b>337 684 785</b>
Actual Revenue Received	<b>96 526 830</b>	<b>174 817 448</b>
Consumer Revenue	86 050 162	155 306 126
Other	10 476 668	19 511 322
Grants & Subsidies	-	<b>266 946 000</b>

<b>Pay rate for August 2018 (Total Billings)</b>	<b>64%</b>
<b>Total income percentage - August 2018</b>	<b>65%</b>
<b>Total income percentage – YTD</b>	<b>53%</b>

The pay rate for August 2018 was 64%

The total income percentage August 2018 was 65%.

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