

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

### **PURPOSE**

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

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Actual For the Month (July 2018)</b>	<b>For Year to date (2018/2019)</b>
All Grants Received	<b>266 946 000</b>	<b>266 946 000</b>
Actual Revenue Received	<b>79 642 888</b>	<b>79 642 888</b>
Actual Expenditure	<b>137 271 030</b>	<b>137 271 030</b>
Salaries	53 611 618	53 611 618
Water	-	-
Electricity	68 837 699	68 837 699
Other Expenditure	14 821 713	14 821 713
<b>Sub-Total</b>	<b>209 317 858</b>	<b>209 317 858</b>
Loan Redemptions	-	-
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>209 317 858</b>	<b>209 317 858</b>
MIG Payments	<b>11 052 965</b>	<b>11 052 965</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>198 264 893</b>	

Table 1: The municipality had a surplus of R198 264 893 for the month of July after capital payments, This surplus indicates that the expenditure incurred is less than the revenue received for month. This surplus is due to grants received for the reporting period.

<b>TABLE 2</b>	<b>Actual For the Month (July 2018)</b>	<b>For Year to date (2018/2019)</b>
Total Billings	186 136 863	186 136 863
Less: Indigent Billings	-	-
Actual Billings	<b>186 136 863</b>	<b>186 136 863</b>
Actual Revenue Received	<b>78 290 618</b>	<b>78 290 618</b>
Consumer Revenue	69 255 964	69 255 964
Other	9 034 654	9 034 654
Grants & Subsidies	<b>266 946 000</b>	<b>266 946 000</b>

<b>Pay rate for July 2018 (Total Billings)</b>	<b>42%</b>
<b>Total income percentage - July 2018</b>	<b>43%</b>
<b>Total income percentage – YTD</b>	<b>43%</b>

The pay rate for July 2018 was 42%

The total income percentage July 2018 was 43%.

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