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MONTHLY FINANCE REPORT – APRIL 2018 (CFO) (6/1/2/2)

PURPOSE

To submit to the finance section 80 Committee the Monthly Finance Report for April 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 of April 2018 is attached on page 1 to page 15 of the Annexures.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (April 2018)	For Year to date (2017/2018)
All Grants Received	-	561 992 000
Actual Revenue Received	74 182 870	851 224 301
Actual Expenditure	87 732 193	1 377 167 484
Salaries	57 373 814	568 295 599
Water	1 000 000	187 326 926
Electricity	3 497 618	156 960 564
Other Expenditure	25 860 761	464 584 395
Sub-Total	-13 549 323	36 048 817
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-13 549 323	36 048 817
MIG Payments	1 470 710	93 886 432
INEG Payments	-	882 659
WSIG Payments	-	5 805 936
Capital Assets procured - Equitable Share	-	2 878 080
Fleet & Equipment	-	27 300
Office convention/ Furniture	-	2 850 780
Net Surplus/(Deficit) after Capital payments	-15 020 033	

Table 1: The municipality had a deficit of R15 020 033 for the month of April after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month.

TABLE 2	Actual For the Month (April 2018)	For Year to date (2017/2018)
Total Billings	140 257 427	1 465 324 346
Less: Indigent Billings	3 777 782	35 057 212
Actual Billings	136 479 645	1 430 267 134
Actual Revenue Received	73 088 361	824 223 257
Consumer Revenue	66 986 371	740 968 894
Other	6 101 990	83 254 363
Grants & Subsidies	-	561 992 000

Pay rate for April 2018 (Total Billings)	54%
Total income percentage - April 2018	54%
Total income percentage – YTD	60%

The pay rate for April 2018 was 54%

The total income percentage April 2018 was 54%.

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 April 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.

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

FS 9 OF 2018**MONTHLY FINANCE REPORT – MAY 2018 (CFO)****PURPOSE**

To submit to the Finance Section 80 Committee the Monthly Finance Report for May 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:

- 7) Actual revenue per revenue source
- 8) Actual borrowings
- 9) Actual expenditure per vote
- 10) Actual capital expenditure per vote
- 11) The amount of any allocations received
- 12) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

- 7. 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
- 8. After month end the ICT Department runs all the month end reports.
- 9. 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.
- 10. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 11. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.

12. 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 May 2018 is attached on page 16 to page 35 the Annexures.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (May 2018)	For Year to date (2017/2018)
All Grants Received	-	561 992 000
Actual Revenue Received	107 773 758	958 998 059
Actual Expenditure	112 437 460	1 489 604 944
Salaries	46 405 071	614 700 670
Water	2 000 000	189 326 926
Electricity	40 654 142	197 614 706
Other Expenditure	23 378 247	487 962 642
Sub-Total	-4 663 702	31 385 115
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-4 663 702	31 385 115
MIG Payments	9 101 981	102 988 413
INEG Payments	-	882 659
WSIG Payments	-	5 805 936
Capital Assets procured - Equitable Share	96 892	2 974 972
Fleet & Equipment	-	27 300
Office convention/ Furniture	96 892	2 947 672
Net Surplus/(Deficit) after Capital payments	- 13 862 575	

Table 1: The municipality had a deficit of R13 862 575 for the month of May after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month.

TABLE 2	Actual For the Month (May 2018)	For Year to date (2017/2018)
Total Billings	146 874 102	1 612 198 448
Less: Indigent Billings	3 840 638	38 897 850
Actual Billings	143 033 464	1 573 300 598
Actual Revenue Received	106 617 846	930 841 103
Consumer Revenue	98 977 073	839 945 967
Other	7 640 773	90 895 136
Grants & Subsidies	-	561 992 000

Pay rate for May 2018 (Total Billings)	75%
Total income percentage - May 2018	75%
Total income percentage – YTD	61%

The pay rate for May 2018 was 75%

The total income percentage May 2018 was 75%.

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

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

FS/10 OF 2018

MONTHLY FINANCE REPORT – JUNE 2018 (CFO) (6/1/2/2)

PURPOSE

To submit to the Finance Section 80 Committee the Monthly Finance Report for June 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:

- 13) Actual revenue per revenue source
- 14) Actual borrowings
- 15) Actual expenditure per vote
- 16) Actual capital expenditure per vote
- 17) The amount of any allocations received
- 18) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

- 13. 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
- 14. After month end the ICT Department runs all the month end reports.
- 15. 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.
- 16. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 17. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
- 18. 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 June 2018 is attached on page 36 to page 52 of the Annexures.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (June 2018)	For Year to date (2017/2018)
All Grants Received	-	561 992 000
Actual Revenue Received	78 456 368	1 037 454 427
Actual Expenditure	375 856 977	1 865 461 921
Salaries	71 523 596	686 224 266
Water	-	189 326 926
Electricity	13 089 171	210 703 877
Other Expenditure	291 244 210	779 206 852
Sub-Total	-297 400 609	-266 015 494
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-297 400 609	-266 015 494
MIG Payments	42 815 666	145 804 079
INEG Payments	-	882 659
WSIG Payments	-	5 805 936
Capital Assets procured - Equitable Share	67 951	3 042 923
Fleet & Equipment	-	27 300
Office convention/ Furniture	67 951	3 015 623
Net Surplus/(Deficit) after Capital payments	- 340 284 226	

Table 1: The municipality had a deficit of R340 284 226 for the month of June after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month. This deficit is due to bad debts written off for the month of **R262 470 191**. Operating Expenditure incurred for the month less bad debts written off amounts to **R113 386 786**

TABLE 2	Actual For the Month (June 2018)	For Year to date (2017/2018)
Total Billings	115 182 824	1 727 381 272
Less: Indigent Billings	3 837 824	42 735 674
Actual Billings	111 345 000	1 684 645 598
Actual Revenue Received	77 273 256	1 000 473 586
Consumer Revenue	70 140 604	910 086 571
Other	7 132 652	90 387 015
Grants & Subsidies	-	561 992 000

Pay rate for June 2018 (Total Billings)	69%
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Total income percentage - June 2018	70%
Total income percentage – YTD	62%

The pay rate for June 2018 was 69%

The total income percentage June 2018 was 70%.

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

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

FS/11/2018

APPROVAL OF THE BANKING FACILITIES AND OVERDRAFT OFFERED BY ABSA BANK LIMITED FOR THE 2018/19 FINANCIAL YEAR (CFO)6/3/1/2)

PURPOSE

To request approval for the banking facilities and overdraft offered by ABSA Bank Limited for the 2018/19 financial year.

BACKGROUND

In terms of Section 7 of the Municipal Finance Management Act 56 of 2003, must every municipality open and maintain at least one bank account in the name of the municipality. All the money received by the municipality must be paid into its bank account or accounts, and this must be done promptly and in accordance with Chapter 3 of the aforementioned act and any requirements that may be prescribed. Section 8 of the Municipal Finance Management Act 56 of 2003 indicates all the moneys that must be paid into a municipality's primary bank account.

The volume of the banking transactions that the municipality performs daily is a great number which result in too excessive banking costs, the municipality should therefore manage and reduce the banking cost by implementing a banking facility that will assist and perform the aforementioned.

Every year the Council of the municipality is responsible for approving the banking facilities offered. ABSA Bank Limited has approved banking facilities in favour of the municipality.

Council resolved previously that:

1. The client opens/operates bank accounts with ABSA Bank Limited ("the bank") from time to time.
2. The client negotiates and accepts banking facilities and/or other banking services/products, including but not limited to electronic banking products and foreign exchange products, with the bank.
3. The municipality be entitled to:

Request the Bank to open new or close existing bank accounts;

Negotiate and settle the terms and conditions of the banking facilities/services/products on behalf of the client;

Sign all documentation relating to 3.1 and 3.2 including but not limited to application forms, agreements, facilities letters, security documents including but not limited to indemnities, surety ships, cessions, undertakings and mortgages;

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Authorize individuals to give instructions to the bank, whether verbal, written, faxed or electronic, that may be necessary for the utilization of the banking facilities/services/products;

For purpose of electronic banking services, appoint system managers who will be responsible for registration of operations; registration of modules and authorizations per operator; linking accounts to operators; changing operator detail;

Authorize individuals to sign cheques, bills of exchange, promissory notes, other negotiable instruments, documentation relating to deposit and withdrawal of funds in any bank account;

4. The Mayor be authorized to supply the bank with the names and specimen signatures of the persons authorized pursuant to 3 above.

DISCUSSIONS

None

POLICY POSITION

Liability, Investment and Cash Management Policy.

LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003 Section 7.

FINANCIAL IMPLICATOINS

ABSA Bank Limited will assist Council in reducing and effectively managing Council's banking cost.

Overdraft facility of R 20 000 000

RECOMMENDATION

It is recommended that the Council approves the banking facilities and overdraft facilities of **R20 000 000** for the 2018/19 financial year.

FS/12/2018

THREE MONTHS FINANCE REPORT – APRIL - JUNE 2018 (CFO)

PURPOSE

To submit to the Executive Management Committee three Months Finance Report for April – June 2018 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:

- 19) Actual revenue per revenue source
- 20) Actual borrowings
- 21) Actual expenditure per vote
- 22) Actual capital expenditure per vote
- 23) The amount of any allocations received
- 24) Actual expenditure on allocations received

The compilation of the Section 52 report is as follows:

- 19. 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
- 20. After month end the Information Communication Technology Department runs all the month end reports.
- 21. 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.
- 22. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 23. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.

24. 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 April – June 2018 are attached on **page 53 to 61 of the Annexures.**

FINANCIAL IMPLICATIONS

TABLE 1	Budget for three months	Actual for three months (2017/2018)
Actual Revenue Received	479 349 340	260 412 996
All Grants Received	140 748 000	-
Total Income	620 097 340	260 412 996
Actual Expenditure	580 705 415	576 026 630
Salaries	176 727 823	175 302 481
Water	109 856 301	3 000 000
Electricity	103 016 971	57 240 931
Other Expenditure	191 104 320	340 483 218
Net Surplus/(Deficit) before Capital payments	39 391 925	-315 613 634

MIG Payments	53 388 357
INEG Payments	-
WSIG Payments	-

Capital Assets procured - Equitable Share	164 843
Fleet & Equipment	-
Office convention/ Furniture	164 843

Net Surplus/(Deficit) after Capital payments	-369 166 834
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Table 1: The municipality had a deficit of R369 166 834 for the quarter after capital payments, this indicates that the expenditure incurred is more than the revenue received for quarter.

TABLE 2	Actual for three months (2017/2018)
Total Billings	402 314 353
Less: Indigent Billings	11 456 244
Actual Billings	390 858 109
Actual Revenue Received	323 965 834
Consumer Revenue	236 104 048
Other	87 861 786

Grants & Subsidies		-
Pay rate for fourth quarter (Total Billings)		83%
Total income percentage - fourth quarter		67%
Total income percentage – YTD		62%

The pay rate for the fourth quarter was 83%

The total income percentage for the fourth quarter was 67%.

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 (April - June 2018) 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 (April - June 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be submitted to provincial and national treasury.