

**FINANCE SECTION 80 QUARTELY REPORT  
ADDENDUM  
17 JULY 2018  
APRIL TO JUNE 2018**

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

### **PURPOSE**

To submit to the Finance Section 80 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:

- 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 April – June 2018 are attached on **the addendum folder**.

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Budget for three months</b>	<b>Actual for three months (2017/2018)</b>
Actual Revenue Received	479 349 340	260 412 996
All Grants Received	140 748 000	-
<b>Total Income</b>	<b>620 097 340</b>	<b>260 412 996</b>
<b>Actual Expenditure</b>	<b>580 705 415</b>	<b>576 026 630</b>
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
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>39 391 925</b>	<b>-315 613 634</b>

MIG Payments	<b>53 388 357</b>
INEG Payments	-
WSIG Payments	-

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

<b>Net Surplus/(Deficit) after Capital payments</b>	<b>-369 166 834</b>
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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.

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

<b>Pay rate for fourth quarter (Total Billings)</b>	<b>83%</b>
<b>Total income percentage - fourth quarter</b>	<b>67%</b>
<b>Total income percentage – YTD</b>	<b>62%</b>

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.

