

FS/17 of 2019

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

PURPOSE

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

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (October 2018)	For Year to date (2018/2019)
All Grants Received	14 000 000	283 161 000
Actual Revenue Received	96 178 003	358 447 757
Actual Expenditure	115 403 679	466 098 676
Salaries	59 271 839	238 249 145
Water	-	2 242 174
Electricity	14 591 828	103 488 964
Other Expenditure	41 540 012	122 118 393
Sub-Total	-5 225 676	175 510 081
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-5 225 676	175 510 081
MIG Payments	13 112 536	36 201 040
INEG Payments	-	-
WSIG Payments	1 296 345	1 296 345
Capital Assets procured - Equitable Share	-	-
Fleet & Equipment	-	-
Office convention/ Furniture	-	-
Net Surplus/(Deficit) after Capital payments	-19 634 557	

Table 1: The municipality had a deficit of R19 634 557 for the month of October after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month.

TABLE 2	Actual For the Month (October 2018)	For Year to date (2018/2019)
Total Billings	143 400 407	632 466 328
Less: Indigent Billings	2 860 514	6 133 780
Actual Billings	140 539 893	626 332 548
Actual Revenue Received	94 648 760	353 181 626
Consumer Revenue	84 284 980	317 163 049
Other	10 363 780	36 018 577
Grants & Subsidies	14 000 000	283 161 000

Pay rate for October 2018 (Total Billings)	67%
Total income percentage - October 2018	68%
Total income percentage – YTD	57%

The pay rate for October 2018 was 67%

The total income percentage October 2018 was 68%.

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

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

PURPOSE

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

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (December 2018)	For Year to date (2018/2019)
All Grants Received	145 222 000	428 383 000
Actual Revenue Received	71 137 615	496 201 805
Actual Expenditure	181 141 589	721 620 699
Salaries	55 757 148	349 763 440
Water	1 500 000	6 698 696
Electricity	55 683 706	161 229 467
Other Expenditure	68 200 735	203 929 096
Sub-Total	35 218 026	202 964 106
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	35 218 026	202 964 106
MIG Payments	6 611 018	53 289 587
INEG Payments	-	-
WSIG Payments	-	5 296 345
Capital Assets procured - Equitable Share	-	-
Fleet & Equipment	-	-
Office convention/ Furniture	-	-
Net Surplus/(Deficit) after Capital payments	28 607 008	

Table 1: The municipality had a surplus of R28 607 008 for the month of December after capital payments, This surplus indicates that the expenditure incurred is less than the revenue received for month.

TABLE 2	Actual For the Month (December 2018)	For Year to date (2018/2019)
Total Billings	115 274 274	909 502 538
Less: Indigent Billings	3 007 993	12 095 670
Actual Billings	112 266 281	897 406 868
Actual Revenue Received	70 016 958	488 596 413
Consumer Revenue	63 767 652	441 273 329
Other	6 249 307	47 323 085
Grants & Subsidies	145 222 000	428 383 000

Pay rate for December 2018 (Total Billings)	62%
Total income percentage - December 2018	63%
Total income percentage – YTD	55%

The pay rate for December 2018 was 62%

The total income percentage December 2018 was 63%.

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

MID-YEAR BUDGET AND PERFORMANCE REPORT - 1 JULY 2018 - 31 DECEMBER 2018 (ED: SSS) (CFO)

PURPOSE

To present to Council a report on the Mid- year Budget and Performance Report of the Municipality for the period 1 July to 31 December 2018 as required by **Section 72** of the Municipal Finance Management Act No 56 of 2003 .

BACKGROUND

In accordance with Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), hereafter referred to as the “MFMA”, the Accounting Officer of a municipality must by 25 January of each year-

1. Assess the performance of a Municipality during the first half of the financial year, taking into account-
 - a) The monthly statements submitted for the first half of the financial year in accordance with Section 71 of the MFMA;
 - b) The Municipality’s service delivery targets and performance indicators set in the service delivery and budget implementation plan (SDBIP);
 - c) The past year's annual report, and progress in resolving problems identified in the annual report; and
 - d) The performance of every Municipal entity under the sole or shared control of the Municipality, taking into account reports in terms of section 88 of the MFMA from any such entities.

Section 72 further 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 the six month period from July – December:

- Actual revenue per revenue source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations received
- Actual expenditure on allocations received

The compilation of Section 72 report is as follows:

- After the billing cycle the Income Department compile the income reports debtors' age analysis and the top 20 outstanding debtors.
- After month end the Information Communication Technology Department runs all the month end reports.
- 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**.
- The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- The Costing Section provides the Budget Department with the employee related reports and the overtime per department
- The Section 72 report is then compiled with all the information received from other sections and extracted from the Solar System

*** See attached under **SEPARATE COVER (1) is the Mid-Year Budget and Performance Report- 1 July - 31 December 2018.**

DISCUSSIONS

The finance reports for July - December 2018

FINANCIAL IMPLICATIONS

TABLE 1	Budget for Six months	Actual for Six months (2018/2019)
Revenue	1 014 523 075	496 201 805
Grants & Subsidies	312 329 000	428 383 000
Total Income	1 326 852 075	924 584 805
Total Expenditure	2 413 458 369	721 620 699
Salaries	381 732 091	349 763 441
Water	239 486 739	6 698 696
Electricity	220 126 664	161 229 467
Other/Stationery, Telephone	1 572 112 876	203 929 095
Sub-Total	(1 086 606 294)	202 964 106
Loan Redemptions		
Net Surplus/(Deficit) before Capital Payments	(1 086 606 294)	202 964 106

MIG Payments	53 289 587
INEG Payments	-
WSIG Payments	5 296 345

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

Net Surplus/(Deficit) after Capital Payments	144 378 174
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Table 1: The Municipality had a surplus of R144 378 174 for the period after Capital Payments, this means that the amount received is above the amount paid.

TABLE 2	Actual for Six months (2018/2019)
Total Billings	909 502 538
Less: Indigent Billing	12 095 670
Actual Billings	897 406 868
Actual Revenue Received	488 596 413
Consumer Revenue	441 273 329
Other	47 323 084
Grants & Subsidies	428 383 000

Pay rate – (July - December 2018) Billing	54%
Total income percentage – (July - December 2018)	55%

The pay rate on consumer services for January – December 2018 was 54% and the total income percentage for January – December 2018 was 55%. In order for the Municipality to be financially sustainable the pay rate will have to be increased to 80% on the consumer services.

LEGAL IMPLICATIONS

Both the financial and non-financial reports are submitted in terms of Section 72. (1), Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6 and Sections 16 and 26 of Chapters 4 and 5, respectively), as read with the Local Government: Municipal Systems Amendment Act, 2003 (Act 44 of 2003).

FINANCIAL IMPLICATIONS

The municipality has currently a pay rate of **62%** and a total income percentage of **63%** as at 31 December 2018 which in line with budgeted percentage of **60%**.

RECOMMENDATIONS

1. That the financial and non-financial Reports for period of Six Months (July - December 2018) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be noted.

2. That both the Financial and non-financial Reports for period of Six Months (July - December 2018) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be submitted to provincial and national treasury.

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THREE MONTHS FINANCE REPORT – OCTOBER - DECEMBER 2018 (CFO)(6/1/2/2)

PURPOSE

To submit to the Executive Management Committee three Months Finance Report for October - December 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:

- 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 52 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 Information Communication Technology 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 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 October - December 2018 are attached on **page 1 to 11 of the Annexures.**

FINANCIAL IMPLICATIONS

TABLE 1	Budget for three months	Actual for three months (2018/2019)
Actual Revenue Received	507 261 538	233 932 051
All Grants Received	156 164 500	159 222 000
Total Income	663 426 038	393 154 051
Actual Expenditure	603 859 074	370 925 706
Salaries	190 866 046	170 786 135
Water	119 743 369	4 456 522
Electricity	110 063 332	72 332 331
Other Expenditure	183 186 327	123 350 718
Net Surplus/(Deficit) before Capital payments	59 566 964	22 228 346

MIG Payments	30 201 083
INEG Payments	-
WSIG Payments	5 296 345

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

Net Surplus/(Deficit) after Capital payments	-13 269 082
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Table 1: The municipality had a deficit of R13 269 082 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 (2018/2019)
Total Billings	420 436 617
Less: Indigent Billings	8 822 404
Actual Billings	411 614 213
Actual Revenue Received	230 063 547
Consumer Revenue	208 395 260
Other	21 668 288

Grants & Subsidies	159 222 000
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Pay rate for Second quarter (Total Billings)	56%
Total income percentage - Second quarter	57%
Total income percentage – YTD	55%

The pay rate for the Second quarter was 56%

The total income percentage for the Second quarter was 57%.

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 (October - December 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 (October - December 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, **BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.**