

**F8/2020**

**MONTHLY FINANCE REPORT – JANUARY 2020 (CFO) (6/4/1)**

**PURPOSE**

To submit to the Section 80 the Monthly Finance Report for January 2020 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 January 2020 is **attached under Separate Cover (1)**

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Actual For the Month (January 2020)</b>	<b>For Year to date (2019/2020)</b>
<b>All Grants Received</b>	<b>2 070 000</b>	<b>436 605 000</b>
<b>Actual Revenue Received</b>	<b>85 871 131</b>	<b>703 093 446</b>
<b>Actual Expenditure</b>	<b>75 370 850</b>	<b>820 029 613</b>
Salaries	882 145	384 469 069
Water	3 669 919	28 166 986
Electricity	3 604 051	25 714 799
Other Expenditure	67 214 735	381 678 759
<b>Sub-Total</b>	<b>12 570 281</b>	<b>319 668 833</b>
Loan Redemptions	-	-
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>12 570 281</b>	<b>319 668 833</b>
MIG Payments	1 792 511	42 523 953
INEG Payments	-	12 101 899
WSIG Payments	-	7 660 329
<b>Capital Assets procured - Equitable Share</b>	<b>-</b>	<b>504 348</b>
Fleet & Equipment	-	504 348
Office convention/ Furniture	-	-
<b>Net Surplus/(Deficit) after Capital payments</b>	<b>10 777 770</b>	

Table 1: The Municipality had a surplus of R10 777 770 for the month of January after capital payments, this means that the amount received is above the amounts paid. This surplus is due to hacking of Payday System during the month of January, not all expenditure reflected on Solar System. Only R75 370 850 was reported for expenditure which exclude the total salaries of R63 330 229 reported by Salary Department but not included on Solar System.

<b>TABLE 2</b>	<b>Actual For the Month (January 2020)</b>	<b>For Year to date (2019/2020)</b>
Total Billings	179 609 963	1 255 524 279
Less: Indigent Billings	6 674 062	35 490 854
<b>Actual Billings</b>	<b>172 935 901</b>	<b>1 220 033 425</b>
<b>Actual Revenue Received</b>	<b>84 462 962</b>	<b>694 022 236</b>
Consumer Revenue	83 762 815	648 158 512
Other	700 147	45 863 724

<b>Grants &amp; Subsidies</b>	<b>2 070 000</b>	<b>436 605 000</b>
<b>Pay rate for January 2020 (Total Billings)</b>	<b>49%</b>	
<b>Total income percentage - January 2020</b>	<b>50%</b>	
<b>Total income percentage – YTD</b>	<b>58%</b>	

The pay rate for January 2020 was 49%

The total income percentage January 2020 was 50%.

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 January 2020 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That the Finance Report for January 2020 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, be Submitted to Provincial and National Treasury.