

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH
ENDING 28 FEBRUARY 2019 (MK/FP) (FPV04.18.01) (RMS 24992)**

PURPOSE OF THE REPORT

The purpose of the report is to inform the Executive Mayor of the financial position and the implementation of the Budget of the JB Marks Local Municipality for the month ending on 28 February 2019.

BACKGROUND

In terms of Section 71 (1) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) the accounting officer must no later than ten (10) working days after the end of each month submit the monthly budget statement report in the prescribed format as specified in of the Municipal Budget and Reporting Regulations (Government Gazette no 32141, 17 April 2009) under Schedule C which must include the required tables, charts and explanatory information to the Executive Mayor.

The monthly report on the implementation of the Annual Budget in accordance with the Service Delivery Budget Implementation Plan to be submitted to the Executive Mayor, National Treasury and the relevant Provincial Treasury consists out of two parts containing the following information and is attached as ANNEXURE A:

The Monthly Report consists of the following Financial Reports:

1. Operating Budget per revenue source
2. Capital expenditure per department
3. Cash flow Statement
4. Debtors Age Analysis
5. Creditors

1. Operational budget per revenue source – February 2019

NW405 NW405 - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		167 227	174 268	-	15 074	121 102	116 178	4 923	4%	174 268
Service charges - electricity revenue		739 878	704 219	-	55 842	615 225	469 480	145 745	31%	704 219
Service charges - water revenue		121 196	108 027	-	9 669	96 853	72 018	24 835	34%	108 027
Service charges - sanitation revenue		72 501	66 560	-	6 983	60 722	44 373	16 349	37%	66 560
Service charges - refuse revenue		65 969	61 753	-	5 793	46 246	41 169	5 077	12%	61 753
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		3 596	3 642	-	283	2 207	2 428	(221)	-9%	3 642
Interest earned - external investments		21 599	18 177	-	10 728	42 120	12 118	30 002	248%	18 177
Interest earned - outstanding debtors		32 938	22 790	-	-	-	15 193	(15 193)	-100%	22 790
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76 961	85 455	-	244	1 551	56 970	(55 419)	-97%	85 455
Licences and permits		11 876	14 074	-	105	2 796	9 383	(6 586)	-70%	14 074
Agency services		-	-	-	-	130	-	130	#DIV/0!	-
Transfers and subsidies		346 689	241 906	-	-	166 227	161 271	4 956	3%	241 906
Other revenue		35 513	11 341	-	2 858	14 766	7 561	7 206	95%	11 341
Gains on disposal of PPE		-	560	-	-	-	373	(373)	-100%	560
Total Revenue (excluding capital transfers and contributions)		1 695 943	1 512 772	-	107 578	1 169 945	1 008 514	161 431	16%	1 512 772

Total operating revenue generated for the month amounted to R1, 1 billion against the budgeted amount of R1, 5 billion. Projected billed revenue is in line with the budgeted amount for the remaining four months.

Most of the revenue was generated from Electricity at R615 million followed by revenue generated from property rates at R121 million, whereas transfers and subsidies constituted R166 million of the total revenue generated for the period July to February.

2. Operational expenditure budget per GFS categories (As determined by National Treasury)

NW405 NW405 - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		404 559	439 668	-	36 264	281 653	293 112	(11 459)	-4%	439 668
Remuneration of councillors		21 127	32 551	-	2 744	16 734	21 701	(4 966)	-23%	32 551
Debt impairment		92 686	95 931	-	2 968	17 808	63 954	(46 146)	-72%	95 931
Depreciation & asset impairment		229 030	238 132	-	2	2	158 754	(158 752)	-100%	238 132
Finance charges		4 803	-	-	0	3	-	3	#DIV/0!	-
Bulk purchases		483 994	579 953	-	33 184	362 086	386 635	(24 549)	-6%	579 953
Other materials		81 981	9 842	-	-	-	6 561	(6 561)	-100%	9 842
Contracted services		96 111	91 541	-	9 749	59 513	61 027	(1 514)	-2%	91 541
Transfers and subsidies		-	74 241	-	9 191	43 016	49 494	(6 479)	-13%	74 241
Other expenditure		233 736	250 585	-	14 256	113 102	167 056	(53 954)	-32%	250 585
Loss on disposal of PPE		-	-	-	-	-	-	-		-
Total Expenditure		1 648 027	1 812 443	-	108 358	893 918	1 208 295	(314 377)	-26%	1 812 443
Surplus/(Deficit)		47 916	(299 671)	-	(780)	276 027	(199 781)	475 808	(0)	(299 671)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	120 647	-	-	75 813	80 431	(4 618)	(0)	120 647
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		47 916	(179 024)	-	(780)	351 841	(119 349)			(179 024)
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		47 916	(179 024)	-	(780)	351 841	(119 349)			(179 024)
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		47 916	(179 024)	-	(780)	351 841	(119 349)			(179 024)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		47 916	(179 024)	-	(780)	351 841	(119 349)			(179 024)

Total expenditure incurred as at end of February 2019 amounted R893 million against the budgeted amount of R1, 8 billion.

Most of the expenditure was incurred on bulk purchases at R362 million, followed by expenditure on employee related cost at R281 million. Other expenditure which comprises of telephone expenditure, fuel costs, catering, Salga membership fees etc. amounted to R113 million.

3. Capital expenditure per department – February 2019

NW405 NW405 - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
R thousands	1									
Governance and administration		1 462	630	-	-	185	420	(235)	-56%	630
Executive and council		597	-	-	-	-	-	-		-
Finance and administration		865	630	-	-	185	420	(235)	-56%	630
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		15 595	24 516	-	8 304	16 062	16 344	(282)	-2%	24 516
Community and social services		1 395	3 370	-	4 900	5 340	2 247	3 093	138%	3 370
Sport and recreation		9 371	8 500	-	307	5 313	5 667	(354)	-6%	8 500
Public safety		4 483	12 646	-	3 097	5 410	8 431	(3 021)	-36%	12 646
Housing		346	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		33 806	31 093	-	1 397	9 651	20 728	(11 078)	-53%	31 093
Planning and development		6 018	15 593	-	1 397	9 193	10 395	(1 202)	-12%	15 593
Road transport		27 036	15 500	-	-	457	10 333	(9 876)	-96%	15 500
Environmental protection		753	-	-	-	-	-	-		-
Trading services		103 145	76 208	-	5 277	34 268	50 805	(16 537)	-33%	76 208
Energy sources		4 332	24 917	-	-	4 906	16 611	(11 705)	-70%	24 917
Water management		39 120	45 386	-	5 180	11 887	30 257	(18 370)	-61%	45 386
Waste water management		58 282	5 905	-	97	17 475	3 937	13 538	344%	5 905
Waste management		1 411	-	-	-	-	-	-		-
Other		4 668	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	158 676	132 447	-	14 978	60 166	88 298	(28 131)	-32%	132 447
Funded by:										
National Government		-	120 547	-	1 219	26 510	80 364	(53 854)	-67%	120 547
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		97 923	-	-	13 759	18 297	-	18 297	#DIV/0!	-
Transfers recognised - capital		97 923	120 547	-	14 978	44 807	80 364	(35 557)	-44%	120 547
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		-	11 900	-	-	15 359	7 933	7 426	94%	11 900
Total Capital Funding		97 923	132 447	-	14 978	60 166	88 298	(28 132)	-32%	132 447

Total capital expenditure as at the end of February amounted to R60 million against the budget amount R132 million. The slow spending can be attributed the fact that panel of consultant contract expired and Supply chain management process took a bit longer to concluded.

4. STATEMENT OF FINANCIAL POSITION

NW405 NW405 - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		246 646	20 000	-	102 425	20 000
Call investment deposits		-	149 000	-	101 703	149 000
Consumer debtors		304 360	182 450	-	(51 689)	182 450
Other debtors		138 143	152 287	-	114 016	152 287
Current portion of long-term receivables		6 866	-	-	62	-
Inventory		141 756	270 849	-	266 476	270 849
Total current assets		837 771	774 586	-	532 993	774 586
Non current assets						
Long-term receivables		5 434	5 706	-	62	5 706
Investments		47 893	47 000	-	44	47 000
Investment property		53 690	58 442	-	(0)	58 442
Investments in Associate		-	-	-	-	-
Property, plant and equipment		3 928 342	4 325 276	-	303 202	4 325 276
Agricultural		-	-	-	-	-
Biological		-	-	-	-	-
Intangible		9 314	10 055	-	453	10 055
Other non-current assets		61 764	62 511	-	-	62 511
Total non current assets		4 106 437	4 508 989	-	303 762	4 508 989
TOTAL ASSETS		4 944 209	5 283 575	-	836 755	5 283 575
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		16 443	-	-	-	-
Consumer deposits		21 939	18 876	-	(4 295)	18 876
Trade and other payables		331 844	192 200	-	(63 371)	192 200
Provisions		2 024	13 780	-	-	13 780
Total current liabilities		372 250	224 856	-	(67 666)	224 856
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		225 285	194 660	-	(169 672)	194 660
Total non current liabilities		225 285	194 660	-	(169 672)	194 660
TOTAL LIABILITIES		597 535	419 516	-	(237 338)	419 516
NET ASSETS	2	4 346 674	4 864 059	-	1 074 092	4 864 059
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 346 674	-	-	(15 617)	-
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	4 346 674	-	-	(15 617)	-

The statement of financial position reflect that current assets against current liabilities are favourable. The statement of financial position reflect that the municipality is liquid and is able to finance it operations as and when they fall due.

The municipality does not have a bank overdraft nor loans.

5. CASH FLOW STATEMENT

NW405 NW405 - Table C7 Monthly Budget Statement - Cash Flow - M08 February

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		167 227	151 613	-	14 590	93 175	101 075	(7 900)	-8%	151 613
Service charges		925 944	799 475	-	62 072	548 837	532 983	15 854	3%	799 475
Other revenue		12 282	61 558	-	2 858	18 996	41 038	(22 042)	-54%	61 558
Government - operating		345 657	241 917	-	-	169 847	161 278	8 569	5%	241 917
Government - capital		-	120 647	-	-	75 813	80 431	(4 618)	-6%	120 647
Interest		54 002	40 967	-	10 728	42 120	27 311	14 809	54%	40 967
Dividends		4	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(1 269 134)	(1 413 586)	-	(47 585)	(715 203)	(942 391)	(227 188)	24%	(1 413 586)
Finance charges		(4 803)	-	-	-	-	-	-		-
Transfers and Grants		(3 293)	(8 315)	-	(9 191)	(68 114)	(5 543)	62 570	-1129%	(8 315)
NET CASH FROM/(USED) OPERATING ACTIVITIES		227 885	(5 725)	-	33 472	165 473	(3 816)	(169 290)	4436%	(5 725)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	560	-	-	(24 005)	-	(24 005)	#DIV/0!	560
Decrease (increase) other non-current receivables		-	33 600	-	-	-	-	-		33 600
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(178 327)	(132 447)	-	(14 978)	(60 166)	(88 298)	(28 132)	32%	(132 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(178 327)	(98 287)	-	(14 978)	(84 171)	(88 298)	(4 126)	5%	(98 287)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1 619	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 619	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		51 177	(104 011)	-	18 494	81 302	(92 114)			(104 011)
Cash/cash equivalents at beginning:		195 470	169 000	-		263 556	169 000			263 556
Cash/cash equivalents at month/year end:		246 646	64 989	-		344 858	76 886			159 545

The cash flow statement of the municipality reflect a positive balance of R344 million as at the end of February.

6. DEBTORS AGE ANALYSIS

Description	NT Code	Budget Year 2018/19										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	8 047	3 956	1 667	1 689	1 614	2 026	1 261	55 450	75 711	62 040	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	39 329	11 554	7 466	9 730	3 551	3 593	3 028	53 639	131 889	73 540	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	10 045	5 610	4 076	3 816	3 455	2 653	2 262	40 757	72 675	52 943	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	5 283	2 108	1 306	1 388	1 485	1 012	965	31 809	45 355	36 658	-	-
Receivables from Exchange Transactions - Waste Management	1600	4 265	2 179	1 342	1 272	1 228	991	936	24 611	36 824	29 038	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	31	12	5	9	16	3	2	61	138	90	-	-
Interest on Arrear Debtor Accounts	1810	3 408	3 465	3 254	3 803	3 970	2 848	2 737	45 168	68 652	58 526	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(12 699)	3 054	1 937	2 847	3 597	1 273	1 455	40 745	42 209	49 916	-	-
Total By Income Source	2000	57 710	31 938	21 053	24 552	18 916	14 399	12 645	292 239	473 452	362 752	-	-
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	12 236	5 201	2 880	2 055	1 843	1 854	1 619	16 871	44 559	24 242	-	-
Commercial	2300	19 233	3 135	1 504	1 472	1 634	1 213	1 250	30 749	60 189	36 317	-	-
Households	2400	26 851	23 602	16 669	21 025	15 439	11 332	9 777	244 619	369 315	302 192	-	-
Other	2500	(610)	(0)	(0)	(0)	(0)	(0)	(0)	0	(610)	0	-	-
Total By Customer Group	2600	57 710	31 938	21 053	24 552	18 916	14 399	12 645	292 239	473 452	362 752	-	-

Total outstanding debtors as at the end of February amounted R473 million, of which R362 million is owed for more than 90 days. Of the total debt outstanding households account for the most outstanding amount at R369 million, whereas organs of state account for R44 million. Businesses constitute R60 million of the total outstanding debt.

6.1 Comparison of amounts outstanding on Government accounts for the last three months (at date of levying) – (Ageing analysis is attached as 2.3 Annexure)

Department	Balance December 2018	Balance January 2019	Balance February 2019
Department of Transport	1 167 424	839 624	977 244
Public Works Provincial	3 154 426	3 377 446	3 482 522
National Housing Board	64 314	78 422	73 212
Department of Agriculture	1 169 610	-59 031	85 373
Department of Education & Schools	9 477 535	9 746 744	9 140 547
North West University	6 529 828	4 620 724	6 198 863
Telecommunication and Postage	290 926	374 075	533 532
Department of Health	2 843 371	1 751 030	2 887 675
Public Works National	19 697 443	19 697 443	15 978 305
Rural Development and Land Reform	7 261 705	7 704 969	4 695 986
Department of Water Affairs	292 972	-121 099	114 184
RSA	273 568	315 194	317 680
Provincial Social Development	64 825	27 914	60 090
SANRAL	12 986	13 469	13 607
TOTAL(Nett)	51 714 989	39 808 299	44 558 820

7. CREDITORS

Description R thousands	NT Code	Budget Year 2018/19									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	39 861	4 133	-	-	-	-	-	-	43 994	
Bulk Water	0200	179	522	179	23	-	-	-	-	904	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	56	81	1	876	-	-	-	-	1 015	
Auditor General	0800	-	233	726	-	-	-	-	-	959	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	40 097	4 969	907	899	-	-	-	-	46 872	-

Total outstanding creditors amounted to R46, 8 million. Most of the outstanding creditors is for electricity at R43 million followed by AGSA at R1 million.

8. LEGAL REQUIREMENT

In terms of Section 71 of the Municipal Finance Management Act, Act 56 of 2003, the Financial Report for the month ended 28 February 2019 is submitted to Council which reflects the implementation of the Budget and the Financial Position of the Municipality.

9. APPLICABLE DELEGATED POWER

9.1 Municipal Manager delegated power 48:

“To submit a statement, not later than ten(10) working days after the end of each month in the prescribed format, to the Executive Mayor and Provincial Treasury after consultation with the Chief Financial Officer, with regard to the state of Council’s budget.”

10. RECOMMENDATION

- 10.1 That cognizance be taken of the financial report for the month ending 28 Feb 2019.
- 10.2 That the report be submitted in both an electronic and hard copy format to the National and Provincial Treasury.
- 10.3 That the report for the month ending 28 February 2019 be placed on the municipal website.
- 10.4 That the report also be submitted to the Chairperson of the Municipal Public Accounts Committee (MPAC).

**T MOEKETSANE
CHIEF FINANCIAL OFFICER
2019.04.18**

**L RALEKGETHO
MUNICIPAL MANAGER**