

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH
ENDING 30 APRIL 2019 (MK/FP) (FPV05.24.01) (RMS 25092)**

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 30 April 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 – April 2019

Financial Performance (revenue) – M10 April

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	171 054	15 017	151 219	137 003	14 216	10%	174 268
Service charges - electricity revenue		739 878	704 219	735 328	56 902	726 967	553 632	173 336	31%	704 219
Service charges - water revenue		121 196	108 027	112 627	9 875	116 466	84 927	31 540	37%	108 027
Service charges - sanitation revenue		72 501	66 560	71 920	6 740	73 493	52 327	21 166	40%	66 560
Service charges - refuse revenue		65 969	61 753	65 600	5 779	57 802	48 548	9 254	19%	61 753
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		3 596	3 642	3 263	205	2 682	2 863	(182)	-6%	3 642
Interest earned - external investments		21 599	18 177	18 177	7 521	54 121	6 000	48 121	802%	18 177
Interest earned - outstanding debtors		32 938	22 790	33 450	-	-	17 917	(17 917)	-100%	22 790
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76 961	85 455	85 432	747	2 547	67 181	(64 635)	-96%	85 455
Licences and permits		11 876	14 074	5 320	679	4 181	11 065	(6 884)	-62%	14 074
Agency services		-	-	6 665	-	217	-	217	#DIV/0!	-
Transfers and subsidies		346 689	241 906	232 506	9 501	234 141	286 574	(52 433)	-18%	241 906
Other revenue		35 513	11 341	10 948	1 789	19 444	8 916	10 528	118%	11 341
Gains on disposal of PPE		-	560	-	-	-	-	-	-	560
Total Revenue (excluding capital transfers and contributions)		1 695 943	1 512 772	1 552 290	114 756	1 443 279	1 276 952	166 327	13%	1 512 772

Total operating revenue generated for the month amounted to R114 million against the budgeted amount of R1, 5 billion. Projected billed revenue is in line with the budgeted amount for the remaining two months.

Most of the revenue was generated from electricity at R56 million followed by revenue generated from property rates at R15 million, whereas transfers and subsidies constituted R9, 5 million of the total revenue generated for April.

**2. Operational expenditure budget per GFS categories (As determined by National Treasury)
Financial Performance (Expenditure) - M10 April**

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	439 552	40 299	360 755	349 237	11 519	3%	439 668
Remuneration of councillors		21 127	32 551	32 551	2 154	21 026	25 590	(4 565)	-18%	32 551
Debt impairment		92 686	95 931	95 931	2 968	23 744	75 417	(51 673)	-69%	95 931
Depreciation & asset impairment		229 030	238 132	238 132	-	2	188 993	(188 991)	-100%	238 132
Finance charges		4 803	-	20 000	-	3	-	3	#DIV/0!	-
Bulk purchases		483 994	579 953	526 889	35 302	432 124	450 542	(18 417)	-4%	579 953
Other materials		81 981	9 842	10 546	-	194	9 411	(9 217)	-98%	9 842
Contracted services		96 111	91 541	96 057	7 669	73 052	86 569	(13 517)	-16%	91 541
Transfers and subsidies		-	74 241	77 982	3 739	45 147	-	45 147	#DIV/0!	74 241
Other expenditure		233 736	250 585	240 758	18 858	145 517	271 077	(125 560)	-46%	250 585
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		1 648 027	1 812 443	1 778 396	110 989	1 101 565	1 456 837	(355 271)	-24%	1 812 443

Total expenditure incurred as at end of April 2019 amounted R110 million against the adjusted budgeted amount of R1, 7 billion.

Most of the expenditure was incurred on employee related cost at R40 million, followed by expenditure on bulk purchases cost at R35 million. Other expenditure which comprises of telephone expenditure, fuel costs, catering, Salga membership fees etc. amounted to R18 million.

3. Capital expenditure per department – April 2019

Capital Expenditure – M10 April

Capital Expenditure - Functional Classification										
Governance and administration		1 462	630	6 810	–	185	7 278	(7 093)	-97%	630
Executive and council		597	–	1 016	–	–	2 298	(2 298)	-100%	–
Finance and administration		865	630	5 794	–	185	25	160	640%	630
Internal audit		–	–	–	–	–	4 955	(4 955)	-100%	–
Community and public safety		15 595	24 516	26 148	2 636	19 068	23 108	(4 040)	-17%	24 516
Community and social services		1 395	3 370	3 757	270	5 621	4 490	1 131	25%	3 370
Sport and recreation		9 371	8 500	4 487	–	5 316	7 542	(2 226)	-30%	8 500
Public safety		4 483	12 646	17 904	2 366	8 131	10 597	(2 467)	-23%	12 646
Housing		346	–	–	–	–	479	(479)	-100%	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		33 806	31 093	42 774	6 153	17 623	35 179	(17 556)	-50%	31 093
Planning and development		6 018	15 593	16 535	3 584	13 381	8 933	4 448	50%	15 593
Road transport		27 036	15 500	25 842	2 308	3 845	25 215	(21 370)	-85%	15 500
Environmental protection		753	–	397	–	397	1 031	(634)	-61%	–
Trading services		103 145	76 208	107 844	15 749	53 870	137 235	(83 365)	-61%	76 208
Energy sources		4 332	24 917	35 131	6 795	13 666	21 287	(7 622)	-36%	24 917
Water management		39 120	45 386	44 662	6 180	19 425	45 880	(26 454)	-58%	45 386
Waste water management		58 282	5 905	20 225	2 774	20 779	70 068	(49 289)	-70%	5 905
Waste management		1 411	–	7 826	–	–	–	–	–	–
Other		4 668	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	158 676	132 447	183 576	24 539	90 746	202 799	(112 054)	-55%	132 447
Funded by:										
National Government		–	120 547	125 009	2 871	30 511	118 966	(88 455)	-74%	120 547
Provincial Government		–	–	–	–	–	1 000	(1 000)	-100%	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		97 923	–	–	21 667	44 876	–	44 876	#DIV/0!	–
Transfers recognised - capital		97 923	120 547	125 009	24 539	75 387	119 966	(44 579)	-37%	120 547
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		–	11 900	58 566	–	15 359	82 809	(67 450)	-81%	11 900
Total Capital Funding		97 923	132 447	183 576	24 539	90 746	202 774	(112 029)	-55%	132 447

Total capital expenditure as at the end of April amounted to R24 million against the adjusted budget amount of R183 million. The slow spending can be attributed to the fact that panel of consultant contract expired and Supply chain management process took a bit longer to be concluded.

4. CASH FLOW STATEMENT

Description	Ref	Budget Year 2018/19												2018/19 Medium Term Revenue & Expenditure Framework			
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year	Budget Year	Budget Year	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget	2018/19	+1 2019/20	+2 2020/21	
Cash Receipts By Source																	
Property rates		9 684	11 446	11 226	11 117	11 300	11 715	12 096	14 590	15 275	12 554	-	(121 004)	-	-	-	
Service charges - electricity revenue		49 053	73 544	56 631	54 066	57 060	49 329	46 233	47 715	47 975	36 383	-	(517 987)	-	-	-	
Service charges - water revenue		5 963	7 460	7 194	5 860	6 860	8 216	7 260	7 285	6 906	7 013	-	(70 017)	-	-	-	
Service charges - sanitation revenue		4 650	4 571	3 775	3 763	3 780	4 481	4 249	3 902	3 861	5 186	-	(42 219)	-	-	-	
Service charges - refuse		3 312	3 626	3 071	3 133	3 033	3 282	3 312	3 170	3 205	3 110	-	(32 253)	-	-	-	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		167	124	314	359	219	263	240	283	269	205	-	(2 444)	-	-	-	
Interest earned - external investments		2 857	2 851	4 888	4 369	6 612	5 111	4 704	10 728	4 480	7 521	-	(54 121)	-	-	-	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		56	356	154	314	192	94	142	244	249	747	-	(2 547)	-	-	-	
Licences and permits		-	-	658	845	613	5	447	105	705	679	-	(4 057)	-	-	-	
Agency services		-	45	-	-	-	86	-	-	87	-	-	(217)	-	-	-	
Transfer receipts - operating		97 356	487	-	-	876	68 384	-	-	58 414	9 501	-	(235 018)	-	-	-	
Other revenue		281	1 156	101	4 484	2 061	1 285	2 744	2 858	2 884	1 789	-	(19 642)	-	-	-	
Cash Receipts by Source		173 379	105 665	88 013	88 310	92 605	152 252	81 426	90 879	144 309	84 688	-	(1 102)	-	-	-	
Other Cash Flows by Source																	
Transfer receipts - capital		35 420	-	-	-	9 000	31 393	-	-	-	27 600	-	(103 413)	-	-	-	
Contributions & Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Receipt of non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Receipt of non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Change in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source		208 799	105 665	88 013	88 310	101 605	183 645	81 426	90 879	144 309	112 288	-	(1 205)	-	-	-	
Cash Payments by Type																	
Employee related costs		32 004	32 230	38 272	34 878	35 506	35 619	35 688	35 688	36 202	37 318	-	(353 405)	-	-	-	
Remuneration of councillors		2 170	2 173	2 170	2 225	2 148	2 148	2 148	2 148	2 137	2 154	-	(21 620)	-	-	-	
Interest paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Electricity		56 160	60 966	58 586	47 023	34 322	33 323	33 380	33 184	34 735	35 302	-	(426 982)	-	-	-	
Bulk purchases - Water & Sewer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services		4 622	4 945	5 711	7 229	14 443	10 152	2 662	9 749	5 870	7 669	-	(73 052)	-	-	-	
Grants and subsidies paid - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Grants and subsidies paid - other		3 814	10 300	2 892	17 293	5 163	9 803	(9 657)	9 191	1 608	3 739	-	(54 148)	-	-	-	
General expenses		5 996	3 191	26 172	13 591	5 967	13 177	30 751	14 256	13 557	18 858	-	(145 517)	-	-	-	
Cash Payments by Type		104 766	113 806	133 803	122 240	97 549	104 221	94 972	104 216	94 110	105 040	-	(1 075)	-	-	-	
Other Cash Flows/Payments by Type																	
Capital assets		2 770	1 110	8 023	16 919	8 212	3 598	4 558	14 978	6 041	24 539	-	(90 746)	-	-	-	
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments		-	24 005	-	-	-	-	-	-	-	-	-	(24 005)	-	-	-	
Total Cash Payments by Type		107 536	138 921	141 826	139 159	105 761	107 819	99 530	119 193	100 151	129 579	-	1 189	-	-	-	
NET INCREASE/(DECREASE) IN CASH HELD		101 263	(33 257)	(53 814)	(50 849)	(4 156)	75 826	(18 104)	(28 314)	44 158	(17 291)	-	(2 394)	-	-	-	
Cash/cash equivalents at the month/year beginning:		246 646	347 909	314 652	260 839	209 990	205 834	281 660	263 556	235 242	279 400	262 109	262 109	246 646	246 646	246 646	
Cash/cash equivalents at the month/year end:		347 909	314 652	260 839	209 990	205 834	281 660	263 556	235 242	279 400	262 109	262 109	259 715	246 646	246 646	246 646	

The cash flow statement of the municipality reflects a deficit of R17 million as at the end of April. The municipality does not have a bank overdraft nor loans.

5. 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	8 132	4 731	2 081	1 940	1 379	1 538	1 513	57 592	78 906	63 962	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	36 453	22 625	8 394	7 624	6 721	8 687	3 324	58 273	152 101	84 629	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	10 345	5 166	3 331	3 358	3 145	3 168	2 894	40 350	71 757	52 914	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	4 899	2 386	1 469	1 207	1 081	1 259	1 398	32 196	45 894	37 140	-	-
Receivables from Exchange Transactions - Waste Management	1600	4 048	2 241	1 425	1 187	1 096	1 140	1 140	25 992	38 269	30 554	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	31	11	5	3	2	8	16	64	140	93	-	-
Interest on Arrear Debtor Accounts	1810	3 664	3 664	3 487	3 374	3 165	3 731	3 907	49 972	74 965	64 150	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(17 046)	4 404	2 197	1 950	1 694	2 613	3 495	42 605	41 912	52 357	-	-
Total By Income Source	2000	50 527	45 230	22 388	20 642	18 282	22 144	17 687	307 043	503 944	385 799	-	-
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	11 477	11 059	2 939	2 505	2 065	1 605	1 432	14 358	47 440	21 965	-	-
Commercial	2300	17 445	7 009	1 437	1 448	1 124	1 300	1 520	32 336	63 620	37 728	-	-
Households	2400	21 604	27 162	18 013	16 689	15 094	19 239	14 734	260 349	392 884	326 105	-	-
Other	2500	0	(0)	(0)	-	-	(0)	(0)	0	0	0	-	-
Total By Customer Group	2600	50 527	45 230	22 388	20 642	18 282	22 144	17 687	307 043	503 944	385 799	-	-

Total outstanding debtors as at the end of April amounted R503 million, of which R385 million is owed for more than 90 days. The total debt outstanding households account for the most outstanding amount at R392 million, whereas organs of state account for R47 million. Businesses constitute R63 million of the total outstanding debt.

5.1 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 February 2019	Balance March 2019	Balance April 2019
Department of Transport	977 244	843 364	1 066 136
Public Works Provincial	3 482 522	3 692 880	2 796 701
National Housing Board	73 212	92 642	-7 113
Department of Agriculture	85 373	109 093	722 169
Department of Education & Schools	9 140 547	10 632 368	11 312 764
North West University	6 198 863	6 952 860	12 515 323
Telecommunication and Postage	533 532	696 814	249 191
Department of Health	2 887 675	2 272 532	2 016 380
Public Works National	15 978 305	18 615 210	15 828 028
Rural Development and Land Reform	4 695 986	76 905	298 869
Department of Water Affairs	-114 184	207 353	265 069
RSA	317 680	320 168	322 653
Provincial Social Development	60 090	-4 112	39 914
SANRAL	13 607	8 690	14 193
TOTAL(Nett)	44 558 820	44 516 767	47 440 277

6. CREDITORS

Description	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		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	56 068	19 266	-	-	-	-	-	-	75 335		
Bulk Water	0200	51	52	56	1 009	-	-	-	11 925	13 093		
PAYE deductions	0300	-	-	-	-	-	-	-	-	-		
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-		
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-		
Loan repayments	0600	-	-	-	-	-	-	-	-	-		
Trade Creditors	0700	49	109	87	470	-	-	-	12 777	13 492		
Auditor General	0800	6	-	-	-	-	-	-	-	6		
Other	0900	-	-	-	-	-	-	-	-	-		
Total By Customer Type	1000	56 174	19 427	142	1 478	-	-	-	24 703	101 925	-	

Total outstanding creditors amounted to R107 million. Most of the outstanding creditors is for electricity at R75 million followed by bulk water at 13 million and AGSA at R6 million.

7. LEGAL REQUIREMENT

In terms of Section 71 of the Municipal Finance Management Act, Act 56 of 2003, the Financial Report for the month ended 30 April 2019 is submitted to Council which reflects the implementation of the Budget and the Financial Position of the Municipality.

8. APPLICABLE DELEGATED POWER

8.1 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.”

9. RECOMMENDATION

- 9.1 That cognizance be taken of the financial report for the month ending 30 Apr 2019.
- 9.2 That the report be submitted in both an electronic and hard copy format to the National and Provincial Treasury.
- 9.3 That the report for the month ending 30 April 2019 be placed on the municipal website.
- 9.4 That the report also be submitted to the Chairperson of the Municipal Public Accounts Committee (MPAC).

T MOEKETSANE
CHIEF FINANCIAL OFFICER
2019.04.12

L RALEKGETHO
MUNICIPAL MANAGER