

## **JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH ENDING 31 MAY 2019 (MK/FP) (FPV05.24.01) (RMS 25248)**

### **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 31 May 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 – May 2019

### Financial Performance (revenue) – M11 May

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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		167 227	174 268	171 054	15 167	166 386	150 703	15 683	10%	174 268
Service charges - electricity revenue		739 878	704 219	735 328	53 144	780 111	608 995	171 117	28%	704 219
Service charges - water revenue		121 196	108 027	112 627	9 536	126 002	93 419	32 583	35%	108 027
Service charges - sanitation revenue		72 501	66 560	71 920	6 819	80 312	57 559	22 753	40%	66 560
Service charges - refuse revenue		65 969	61 753	65 600	5 767	63 568	53 403	10 165	19%	61 753
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		3 596	3 642	3 263	176	2 858	3 150	(292)	-9%	3 642
Interest earned - external investments		21 599	18 177	18 177	6 072	60 193	6 600	53 593	812%	18 177
Interest earned - outstanding debtors		32 938	22 790	33 450	-	-	19 708	(19 708)	-100%	22 790
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76 961	85 455	85 432	-	2 547	73 900	(71 353)	-97%	85 455
Licences and permits		11 876	14 074	5 320	151	4 332	12 171	(7 839)	-64%	14 074
Agency services		-	-	6 665	97	314	-	314	#DIV/0!	-
Transfers and subsidies		346 689	241 906	232 506	-	234 141	315 232	(81 090)	-26%	241 906
Other revenue		35 513	11 341	10 948	626	20 070	9 808	10 262	105%	11 341
Gains on disposal of PPE		-	560	-	-	-	-	-	-	560
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 695 943</b>	<b>1 512 772</b>	<b>1 552 290</b>	<b>97 556</b>	<b>1 540 835</b>	<b>1 404 647</b>	<b>136 187</b>	<b>10%</b>	<b>1 512 772</b>

Total operating revenue generated for the month amounted to R97 million and cumulatively translate to R1, 5 billion against the budgeted amount of R1, 5 billion. Projected billed revenue is in line with the budgeted amount for the remaining one month.

Most of the revenue was generated from electricity at R53 million followed by revenue generated from property rates at R15 million of the total revenue generated for May.

**2. Operational expenditure budget per GFS categories (As determined by National Treasury)  
Financial Performance (Expenditure) - M11 May**

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
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		404 559	439 668	439 552	38 523	399 278	384 160	15 118	4%	439 668
Remuneration of councillors		21 127	32 551	32 551	2 171	23 197	28 150	(4 952)	-18%	32 551
Debt impairment		92 686	95 931	95 931	2 968	26 712	82 959	(56 247)	-68%	95 931
Depreciation & asset impairment		229 030	238 132	238 132	-	2	207 893	(207 891)	-100%	238 132
Finance charges		4 803	-	20 000	-	3	-	3	#DIV/0!	-
Bulk purchases		483 994	579 953	526 889	64 604	496 728	495 596	1 132	0%	579 953
Other materials		81 981	9 842	10 546	78	272	10 352	(10 080)	-97%	9 842
Contracted services		96 111	91 541	96 057	5 269	78 321	95 226	(16 905)	-18%	91 541
Transfers and subsidies		-	74 241	77 982	8 974	54 121	-	54 121	#DIV/0!	74 241
Other expenditure		233 736	250 585	240 758	13 391	158 908	298 185	(139 277)	-47%	250 585
Loss on disposal of PPE		-	-	-	-	-	-	-		-
<b>Total Expenditure</b>		<b>1 648 027</b>	<b>1 812 443</b>	<b>1 778 396</b>	<b>135 977</b>	<b>1 237 543</b>	<b>1 602 520</b>	<b>(364 978)</b>	<b>-23%</b>	<b>1 812 443</b>

Total expenditure incurred as at end of May 2019 amounted R135 million and cumulatively amounts to R1, 2 billion against the adjusted budgeted amount of R1, 7 billion.

Most of the expenditure was incurred on bulk purchases cost at R64 million, followed by expenditure on employee related cost at R38 million. Other expenditure which comprises of telephone expenditure, fuel costs, catering, Salga membership fees etc. amounted to R13 million.

### 3. Capital expenditure per department – May 2019

#### Capital Expenditure – M11 May

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									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 462	630	6 810	-	185	8 006	(7 821)	-98%	630
Executive and council		597	-	1 016	-	-	2 527	(2 527)	-100%	-
Finance and administration		865	630	5 794	-	185	28	158	573%	630
Internal audit		-	-	-	-	-	5 451	(5 451)	-100%	-
<b>Community and public safety</b>		15 595	24 516	26 148	3 055	22 124	25 419	(3 295)	-13%	24 516
Community and social services		1 395	3 370	3 757	143	5 765	4 939	826	17%	3 370
Sport and recreation		9 371	8 500	4 487	2 330	7 646	8 296	(650)	-8%	8 500
Public safety		4 483	12 646	17 904	582	8 713	11 657	(2 944)	-25%	12 646
Housing		346	-	-	-	-	527	(527)	-100%	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		33 806	31 093	42 774	2 417	20 040	38 697	(18 656)	-48%	31 093
Planning and development		6 018	15 593	16 535	345	13 726	9 827	3 900	40%	15 593
Road transport		27 036	15 500	25 842	1 993	5 838	27 736	(21 898)	-79%	15 500
Environmental protection		753	-	397	79	476	1 134	(658)	-58%	-
<b>Trading services</b>		103 145	76 208	107 844	18 493	72 363	150 958	(78 595)	-52%	76 208
Energy sources		4 332	24 917	35 131	9 206	22 871	23 416	(545)	-2%	24 917
Water management		39 120	45 386	44 662	4 109	23 535	50 468	(26 933)	-53%	45 386
Waste water management		58 282	5 905	20 225	5 179	25 957	77 075	(51 118)	-66%	5 905
Waste management		1 411	-	7 826	-	-	-	-	-	-
<b>Other</b>		4 668	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	158 676	132 447	183 576	23 966	114 712	223 079	(108 368)	-49%	132 447
<b>Funded by:</b>										
National Government		-	120 547	125 009	2 736	33 247	130 862	(97 616)	-75%	120 547
Provincial Government		-	-	-	-	-	1 100	(1 100)	-100%	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		97 923	-	-	21 230	66 106	-	66 106	#DIV/0!	-
<b>Transfers recognised - capital</b>		97 923	120 547	125 009	23 966	99 353	131 962	(32 610)	-25%	120 547
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	11 900	58 566	-	15 359	91 089	(75 730)	-83%	11 900
<b>Total Capital Funding</b>		97 923	132 447	183 576	23 966	114 712	223 052	(108 340)	-49%	132 447

Total capital expenditure as at the end of May amounted to R23 million and cumulatively amount to R114 million for 11 months 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 Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
<b>R thousands</b>	1																	
<b>Cash Receipts By Source</b>																		
Property rates		9 684	11 446	11 226	11 117	11 300	11 715	12 096	14 590	15 275	12 554	10 453	(131 457)	-	-	-	-	
Service charges - electricity revenue		49 053	73 544	56 631	54 066	57 060	49 329	46 233	47 715	47 975	36 383	48 175	(566 162)	-	-	-	-	
Service charges - water revenue		5 963	7 460	7 194	5 860	6 860	8 216	7 260	7 285	6 906	7 013	6 592	(76 609)	-	-	-	-	
Service charges - sanitation revenue		4 650	4 571	3 775	3 763	3 780	4 481	4 249	3 902	3 861	5 186	3 645	(45 864)	-	-	-	-	
Service charges - refuse		3 312	3 626	3 071	3 133	3 033	3 282	3 312	3 170	3 205	3 110	3 047	(35 300)	-	-	-	-	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		167	124	314	359	219	263	240	283	269	205	176	(2 620)	-	-	-	-	
Interest earned - external investments		2 857	2 851	4 888	4 369	6 612	5 111	4 704	10 728	4 480	7 521	6 072	(60 193)	-	-	-	-	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		56	356	154	314	192	94	142	244	249	747	151	(2 697)	-	-	-	-	
Licences and permits		-	-	658	845	613	5	447	105	705	679	97	(4 155)	-	-	-	-	
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	626	(20 268)	-	-	-	-	
<b>Cash Receipts by Source</b>		<b>173 379</b>	<b>105 665</b>	<b>88 013</b>	<b>88 310</b>	<b>92 605</b>	<b>152 252</b>	<b>81 426</b>	<b>90 879</b>	<b>144 309</b>	<b>84 688</b>	<b>79 035</b>	<b>(1 102)</b>	-	-	-	-	
<b>Other Cash Flows by Source</b>																		
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Receipts by Source</b>		<b>208 799</b>	<b>105 665</b>	<b>88 013</b>	<b>88 310</b>	<b>101 605</b>	<b>183 645</b>	<b>81 426</b>	<b>90 879</b>	<b>144 309</b>	<b>112 288</b>	<b>79 035</b>	<b>(1 205)</b>	-	-	-	-	
<b>Cash Payments by Type</b>																		
Employee related costs		32 004	32 230	38 272	34 878	35 506	35 619	35 688	35 688	36 202	37 318	37 921	(391 326)	-	-	-	-	
Remuneration of councillors		2 170	2 173	2 170	2 225	2 148	2 148	2 148	2 148	2 137	2 154	2 171	(23 792)	-	-	-	-	
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	34 604	(461 586)	-	-	-	-	
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	5 269	(78 321)	-	-	-	-	
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	8 974	(63 121)	-	-	-	-	
General expenses		5 996	3 191	26 172	13 591	5 967	13 177	30 751	14 256	13 557	18 858	13 391	(158 908)	-	-	-	-	
<b>Cash Payments by Type</b>		<b>104 766</b>	<b>113 806</b>	<b>133 803</b>	<b>122 240</b>	<b>97 549</b>	<b>104 221</b>	<b>94 972</b>	<b>104 216</b>	<b>94 110</b>	<b>105 040</b>	<b>102 329</b>	<b>(1 075)</b>	-	-	-	-	
<b>Other Cash Flows/Payments by Type</b>																		
Capital assets		2 770	1 110	8 023	16 919	8 212	3 598	4 558	14 978	6 041	24 539	23 966	(114 712)	-	-	-	-	
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments		-	24 005	-	-	-	-	-	-	-	-	-	(24 005)	-	-	-	-	
<b>Total Cash Payments by Type</b>		<b>107 536</b>	<b>138 921</b>	<b>141 826</b>	<b>139 159</b>	<b>105 761</b>	<b>107 819</b>	<b>99 530</b>	<b>119 193</b>	<b>100 151</b>	<b>129 579</b>	<b>126 295</b>	<b>1 189</b>	-	-	-	-	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>101 263</b>	<b>(33 257)</b>	<b>(53 814)</b>	<b>(50 849)</b>	<b>(4 156)</b>	<b>75 826</b>	<b>(18 104)</b>	<b>(28 314)</b>	<b>44 158</b>	<b>(17 291)</b>	<b>(47 260)</b>	<b>(2 394)</b>	-	-	-	-	
Cash/cash equivalents at the monthly/year beginning:		246 646	347 909	314 652	260 839	209 990	205 834	281 660	263 556	235 242	279 400	262 109	214 849	246 646	246 646	246 646	246 646	
Cash/cash equivalents at the monthly/year end:		347 909	314 652	260 839	209 990	205 834	281 660	263 556	235 242	279 400	262 109	214 849	212 455	246 646	246 646	246 646	246 646	

The cash flow statement of the municipality reflects a reduction of R47 million in cash held by the municipality as at the end of May. This is a reflection that monthly collections are not always sufficient to cover all costs related to a specific month. Cash and cash equivalent shows a positive balance of R214, 8 million as at the end of the month under review.

## 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		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	8 592	4 851	2 983	1 799	1 820	1 309	1 478	58 562	81 395	64 968	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	36 596	15 365	9 844	7 644	7 441	5 798	6 409	59 280	148 378	86 573	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	11 588	5 575	3 401	2 977	3 138	3 047	3 088	42 187	75 001	54 437	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	5 166	2 853	1 489	1 325	1 128	1 029	1 225	33 296	47 511	38 003	-	-
Receivables from Exchange Transactions - Waste Management	1600	4 173	2 230	1 413	1 235	1 115	1 042	1 099	26 823	39 131	31 315	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	31	11	5	3	3	2	8	78	141	94	-	-
Interest on Arrear Debtor Accounts	1810	3 792	3 785	3 617	3 453	3 342	3 142	3 705	53 550	78 387	67 193	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(11 143)	4 145	2 670	2 061	1 874	1 528	2 243	45 547	48 925	53 253	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>58 796</b>	<b>38 814</b>	<b>25 423</b>	<b>20 499</b>	<b>19 860</b>	<b>16 897</b>	<b>19 256</b>	<b>319 323</b>	<b>518 868</b>	<b>395 835</b>	<b>-</b>	<b>-</b>
<b>2017/18 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	12 840	11 697	2 719	2 435	2 285	2 025	1 592	15 233	50 826	23 570	-	-
Commercial	2300	19 428	4 107	3 854	1 245	1 359	1 074	1 269	33 217	65 553	38 164	-	-
Households	2400	26 528	23 010	18 850	16 819	16 216	13 799	16 395	270 873	402 489	334 101	-	-
Other	2500	(0)	(0)	0	(0)	0	(0)	(0)	0	(0)	0	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>58 796</b>	<b>38 814</b>	<b>25 423</b>	<b>20 499</b>	<b>19 860</b>	<b>16 897</b>	<b>19 256</b>	<b>319 323</b>	<b>518 868</b>	<b>395 835</b>	<b>-</b>	<b>-</b>

Total outstanding debtors as at the end of May amounted R518 million, of which R395 million is owed for more than 90 days. The total debt outstanding households account for the most outstanding amount at R402 million, whereas organs of state account for R50 million. Businesses constitute R65 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)**

<b>Department</b>	<b>Balance March 2019</b>	<b>Balance April 2019</b>	<b>Balance May 2019</b>
Department of Transport	843 364	1 066 136	1 165 753
Public Works Provincial	3 692 880	2 796 701	2 554 336
National Housing Board	92 642	-7 113	-1 050
Department of Agriculture (61-90 Days)	109 093	722 169	750 537
Department of Education & Schools	10 632 368	11 312 764	11 811 178
North West University (61-90 Days)	6 952 860	12 515 323	12 520 894
Telecommunication and Postage	696 814	191 249	513 005
Department of Health	2 272 532	2 016 380	2 718 456
Public Works National	18 615 210	15 828 028	17 348 358
Rural Development and Land Reform	76 905	298 869	527 723
Department of Water Affairs	207 353	265 069	508 461
RSA	320 168	322 653	325 141
Provincial Social Development	-4 112	39 914	68 781
SANRAL	8 690	14 193	14 434
<b>TOTAL(Nett)</b>	<b>44 516 767</b>	<b>47 440 277</b>	<b>50 826 007</b>

## 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	
<b>R thousands</b>											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	56 020	20 685	-	-	-	-	-	-	76 705	
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	81	29	80	444	-	-	-	12 799	13 432	
Auditor General	0800	-	-	-	-	-	-	-	-	-	
Other	0900	-	-	-	-	-	-	-	-	-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>56 152</b>	<b>20 765</b>	<b>136</b>	<b>1 452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 724</b>	<b>103 229</b>	<b>-</b>

Total outstanding creditors amounted to R103 million. Most of the outstanding creditors is for electricity at R76 million followed by bulk water at 13 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 31 May 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 31 May 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 31 May 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**  
2019.05.14

**L RALEKGETHO**  
**MUNICIPAL MANAGER**