

JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH ENDING 30 JUNE 2019 (MK/FP) (FPV06.24.01) (RMS 25302)

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 June 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 – June 2019

Financial Performance (revenue) – M12 June

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	23 727	184 382	171 054	13 328	8%	174 268
Service charges - electricity revenue		739 878	704 219	735 328	78 642	742 924	735 328	7 596	1%	704 219
Service charges - water revenue		121 196	108 027	112 627	8 758	115 181	112 627	2 555	2%	108 027
Service charges - sanitation revenue		72 501	66 560	71 920	6 975	78 976	71 920	7 056	10%	66 560
Service charges - refuse revenue		65 969	61 753	65 600	5 754	67 938	65 600	2 338	4%	61 753
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		3 596	3 642	3 263	1 321	4 406	3 263	1 143	35%	3 642
Interest earned - external investments		21 599	18 177	18 177	7 162	27 666	18 177	9 489	52%	18 177
Interest earned - outstanding debtors		32 938	22 790	33 450	-	39 689	33 450	6 239	19%	22 790
Dividends received		-	-	-	-	3	-	3	#DIV/0!	-
Fines, penalties and forfeits		76 961	85 455	85 432	1 519	4 269	85 432	(81 163)	-95%	85 455
Licences and permits		11 876	14 074	5 320	759	12 173	5 320	6 853	129%	14 074
Agency services		-	-	6 665	62	376	6 665	(6 289)	-94%	-
Transfers and subsidies		346 689	241 906	232 506	-	233 655	232 506	1 149	0%	241 906
Other revenue		35 513	11 341	10 948	7 666	37 197	10 948	26 249	240%	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	142 346	1 548 836	1 552 290	(3 453)	0%	1 512 772

Total operating revenue generated for the month of June amounted to R142 million against the budgeted amount of R1, 5 billion. Most of the revenue was generated from electricity at R78 million followed by revenue generated from property rates at R23 million of the total revenue generated for June.

2. Operational expenditure budget per GFS categories (As determined by National Treasury) Financial Performance (Expenditure) - M12 June

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	40 454	439 733	439 552	181	0%	439 668
Remuneration of councillors		21 127	32 551	32 551	2 465	25 662	32 551	(6 889)	-21%	32 551
Debt impairment		92 686	95 931	95 931	-	26 712	95 931	(69 219)	-72%	95 931
Depreciation & asset impairment		229 030	238 132	238 132	20 000	20 002	238 132	(218 130)	-92%	238 132
Finance charges		4 803	-	20 000	-	3	20 000	(19 997)	-100%	-
Bulk purchases		483 994	579 953	526 889	54 693	487 250	526 889	(39 639)	-8%	579 953
Other materials		81 981	9 842	10 546	5 373	68 412	10 546	57 866	549%	9 842
Contracted services		96 111	91 541	96 057	9 236	92 128	96 057	(3 929)	-4%	91 541
Transfers and subsidies		-	74 241	77 982	-	54 121	77 982	(23 862)	-31%	74 241
Other expenditure		233 736	250 585	240 758	37 279	154 110	240 758	(86 648)	-36%	250 585
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		1 648 027	1 812 443	1 778 396	169 500	1 368 132	1 778 396	(410 264)	-23%	1 812 443

Total expenditure incurred as at end of June 2019 amounted R169 million against the adjusted budgeted amount of R1, 7 billion.

Most of the expenditure was incurred on bulk purchases cost at R54 million, followed by expenditure on employee related cost at R40 million. Other expenditure which comprises of telephone expenditure, fuel costs, catering, Salga membership fees etc. amounted to R37 million.

3. Capital expenditure per department – June 2019

Capital Expenditure – M12 June

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									
Capital Expenditure - Functional Classification										
Governance and administration		1 462	630	6 810	257	442	6 810	(6 368)	-94%	630
Executive and council		597	-	1 016	-	-	1 016	(1 016)	-100%	-
Finance and administration		865	630	5 794	257	442	5 794	(5 352)	-92%	630
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		15 595	24 516	26 148	489	22 612	26 148	(3 535)	-14%	24 516
Community and social services		1 395	3 370	3 757	16	5 781	3 757	2 025	54%	3 370
Sport and recreation		9 371	8 500	4 487	31	7 677	4 487	3 190	71%	8 500
Public safety		4 483	12 646	17 904	441	9 154	17 904	(8 750)	-49%	12 646
Housing		346	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		33 806	31 093	42 774	11 736	31 777	42 774	(10 997)	-26%	31 093
Planning and development		6 018	15 593	16 535	245	13 972	16 535	(2 564)	-16%	15 593
Road transport		27 036	15 500	25 842	11 491	17 329	25 842	(8 513)	-33%	15 500
Environmental protection		753	-	397	-	476	397	79	20%	-
Trading services		103 145	76 208	107 844	22 793	95 156	107 844	(12 688)	-12%	76 208
Energy sources		4 332	24 917	35 131	7 473	30 344	35 131	(4 787)	-14%	24 917
Water management		39 120	45 386	44 662	4 031	27 566	44 662	(17 096)	-38%	45 386
Waste water management		58 282	5 905	20 225	2 285	28 242	20 225	8 017	40%	5 905
Waste management		1 411	-	7 826	9 003	9 003	7 826	1 177	15%	-
Other		4 668	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	158 676	132 447	183 576	35 275	149 986	183 576	(33 589)	-18%	132 447
Funded by:										
National Government		-	120 547	125 009	6 512	39 759	125 009	(85 250)	-68%	120 547
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		97 923	-	-	28 762	94 868	-	94 868	#DIV/0!	-
Transfers recognised - capital		97 923	120 547	125 009	35 275	134 627	125 009	9 618	8%	120 547
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	11 900	58 566	-	15 359	58 566	(43 207)	-74%	11 900
Total Capital Funding		97 923	132 447	183 576	35 275	149 986	183 576	(33 589)	-18%	132 447

Total capital expenditure as at the end of June amounted to R35 million and cumulatively amount to 149 million for 12 months against the adjusted budget of 183 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

Cash flow - M12

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	
R thousands	1																
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	10 453	12 337	-	-	-	
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	72 145	-	-	-	
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	7 043	-	-	-	
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	3 978	-	-	-	
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	3 069	-	-	-	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		167	124	314	359	219	263	240	283	269	205	176	1 321	-	-	-	
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	7 162	-	-	-	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		56	356	154	314	192	94	142	244	249	747	151	1 519	-	-	-	
Licences and permits		-	-	658	845	613	5	447	105	705	679	97	759	-	-	-	
Agency services		-	45	-	-	-	86	-	-	87	-	-	62	-	-	-	
Transfer receipts - operating		97 356	487	-	-	876	68 384	-	-	58 414	9 501	-	-	-	-	-	
Other revenue		281	1 156	101	4 484	2 061	1 285	2 744	2 858	2 884	1 789	626	7 666	-	-	-	
Cash Receipts by Source		173 379	105 665	88 013	88 310	92 605	152 252	81 426	90 879	144 309	84 688	79 035	117 064	-	-	-	
Other Cash Flows by Source																	
Transfer receipts - capital		35 420	-	-	-	9 000	31 393	-	-	-	27 600	-	13 000	-	-	-	
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		-	-	-	-	-	-	-	-	-	-	-	83 000	-	-	-	
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	79 035	213 064	-	-	-	
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	37 921	38 067	-	-	-	
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	2 123	-	-	-	
Interest paid		-	-	-	-	-	-	-	-	-	-	-	20 516	-	-	-	
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	54 693	-	-	-	
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	9 153	-	-	-	
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	(22 300)	-	-	-	
General expenses		5 996	3 191	26 172	13 591	5 967	13 177	30 751	14 256	13 557	18 858	13 391	16 014	-	-	-	
Cash Payments by Type		104 766	113 806	133 803	122 240	97 549	104 221	94 972	104 216	94 110	105 040	102 329	118 266	-	-	-	
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	23 966	35 275	-	-	-	
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments		-	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	126 295	153 541	-	-	-	
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)	(47 260)	59 523	-	-	-	
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	214 849	-	-	-	
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	214 849	274 372	-	-	-	

The cash flow statement of the municipality reflects an increase of R59 million as at the end of June. The municipality does not have a bank overdraft nor loans. Cash and cash equivalents shows a positive balance R274, 3 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		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	7 405	4 632	2 266	2 669	1 655	1 740	1 271	59 594	81 233	66 930	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	49 273	10 525	7 155	8 879	7 257	7 219	5 708	64 132	160 148	93 194	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	12 093	4 773	3 422	2 934	2 771	2 999	2 911	44 417	76 320	56 031	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	5 250	2 690	2 086	1 330	1 241	1 062	989	34 219	48 865	38 840	-	-
Receivables from Exchange Transactions - Waste Management	1600	4 214	2 211	1 477	1 235	1 161	1 065	1 005	27 626	39 993	32 091	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	30	12	5	3	3	2	2	85	142	96	-	-
Interest on Arrear Debtor Accounts	1810	3 941	3 915	3 751	3 588	3 433	3 323	3 124	56 947	82 022	70 415	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(3 231)	4 267	2 169	2 261	1 912	1 782	1 475	47 007	57 642	54 437	-	-
Total By Income Source	2000	78 975	33 024	22 332	22 899	19 432	19 192	16 485	334 026	546 365	412 034	-	-
2017/18 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	27 156	6 874	3 488	2 413	2 223	2 213	2 004	16 648	63 020	25 501	-	-
Commercial	2300	18 193	3 866	1 855	3 516	1 099	1 198	1 027	33 692	64 447	40 533	-	-
Households	2400	33 625	22 284	16 989	16 970	16 110	15 780	13 454	283 685	418 898	346 000	-	-
Other	2500	(0)	(0)	-	(0)	(0)	-	(0)	(0)	(0)	(0)	-	-
Total By Customer Group	2600	78 975	33 024	22 332	22 899	19 432	19 192	16 485	334 026	546 365	412 034	-	-

Total outstanding debtors as at the end of June amounted R546 million, of which R412 million is owed for more than 90 days. The total debt outstanding households account for the most outstanding amount at R418 million, whereas organs of state account for R63 million. Businesses constitute R64 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 April 2019	Balance May 2019	Balance June 2019
Department of Transport	1 066 136	1 165 753	1 369 031
Public Works Provincial	2 796 701	2 554 336	2 795 582
National Housing Board	-7 113	-1 050	4 583
Department of Agriculture (61-90 Days)	722 169	750 537	854 290
Department of Education & Schools	11 312 764	11 811 178	12 700 209
North West University (61-90 Days)	12 515 323	12 520 894	6 677 036
Telecommunication and Postage	191 249	513 005	548 718
Department of Health	2 016 380	2 718 456	14 857 821
Public Works National	15 828 028	17 348 358	21 448 236
Rural Development and Land Reform	298 869	527 723	750 945
Department of Water Affairs	265 069	508 461	617 188
RSA	322 653	325 141	327 627
Provincial Social Development	39 914	68 781	54 503
SANRAL	14 193	14 434	14 675
TOTAL(Nett)	47 440 277	50 826 007	63 020 044

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	56 020	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	-	-	-	-	-	-	-	-	-		
Total By Customer Type	1000	56 152	20 765	136	1 452	-	-	-	24 724	103 229	-	

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 30 June 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 June 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 June 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
2019.06.14

L RALEKGETHO
MUNICIPAL MANAGER

QUALITY CERTIFICATE

2018/2019

I, **L RALEKGETHO**, municipal manager of **JB MARKS LOCAL MUNICIPALITY**, hereby certify that the monthly budget statement report and supporting documents for the month June has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act.

L. RALEKGETHO

DATE