

JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH ENDING 30 NOVEMBER 2018 (MK/FP) (FPV01.22.01) (RMS 24858)

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 November 2018.

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 – November 2018

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	–	14 942	75 334	72 612	2 722	4%	174 268
Service charges - electricity revenue		739 878	704 219	–	96 198	393 441	293 425	100 016	34%	704 219
Service charges - water revenue		121 196	108 027	–	18 533	58 785	45 011	13 774	31%	108 027
Service charges - sanitation revenue		72 501	66 560	–	10 468	36 701	27 733	8 967	32%	66 560
Service charges - refuse revenue		65 969	61 753	–	5 769	28 873	25 730	3 142	12%	61 753
Service charges - other		–	–	–	–	104	–	104	#DIV/0!	–
Rental of facilities and equipment		3 596	3 642	–	219	1 421	1 518	(97)	-6%	3 642
Interest earned - external investments		21 599	18 177	–	6 612	21 577	7 574	14 004	185%	18 177
Interest earned - outstanding debtors		32 938	22 790	–	–	–	9 496	(9 496)	-100%	22 790
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		76 961	85 455	–	192	1 071	35 606	(34 535)	-97%	85 455
Licences and permits		11 876	14 074	–	613	2 239	5 864	(3 625)	-62%	14 074
Agency services		–	–	–	–	45	–	45	#DIV/0!	–
Transfers and subsidies		346 689	241 906	–	–	97 365	100 794	(3 429)	-3%	241 906
Other revenue		35 513	11 341	–	2 061	7 878	4 726	3 153	67%	11 341
Gains on disposal of PPE		–	560	–	–	–	233	(233)	-100%	560
Total Revenue (excluding capital transfers and contributions)		1 695 943	1 512 772	–	155 606	724 834	630 322	94 512	15%	1 512 772

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

Expenditure By Type										
Employee related costs	404 559	439 668	-	35 690	175 146	183 195	(8 049)	-4%	439 668	
Remuneration of councillors	21 127	32 551	-	2 148	10 886	13 563	(2 677)	-20%	32 551	
Debt impairment	92 686	95 931	-	2 968	14 840	39 971	(25 131)	-63%	95 931	
Depreciation & asset impairment	229 030	238 132	-	-	-	99 221	(99 221)	-100%	238 132	
Finance charges	4 803	-	-	3	3	-	3	#DIV/0!	-	
Bulk purchases	483 994	579 953	-	34 322	262 199	241 647	20 552	9%	579 953	
Other materials	81 981	9 842	-	-	-	4 101	(4 101)	-100%	9 842	
Contracted services	96 111	91 541	-	14 443	36 950	38 142	(1 192)	-3%	91 541	
Transfers and subsidies	-	74 241	-	5 163	33 678	30 934	2 744	9%	74 241	
Other expenditure	233 736	250 585	-	5 967	54 918	104 410	(49 492)	-47%	250 585	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	
Total Expenditure	1 648 027	1 812 443	-	100 704	588 621	755 185	(166 564)	-22%	1 812 443	

3. Capital expenditure per department – November 2018

Total Capital Expenditure		158 676	132 447	–	8 210	37 032	55 186	(18 154)	-33%	132 447
Capital Expenditure - Functional Classification										
Governance and administration		1 462	630	–	838	1 022	263	759	289%	630
Executive and council		597	–	–	775	775	–	775	#DIV/0!	–
Finance and administration		865	630	–	62	246	263	(16)	-6%	630
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		15 595	24 516	–	379	3 404	10 215	(6 811)	-67%	24 516
Community and social services		1 395	3 370	–	–	67	1 404	(1 337)	-95%	3 370
Sport and recreation		9 371	8 500	–	–	–	3 542	(3 542)	-100%	8 500
Public safety		4 483	12 646	–	379	3 337	5 269	(1 932)	-37%	12 646
Housing		346	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		33 806	31 093	–	6 258	13 397	12 955	442	3%	31 093
Planning and development		6 018	15 593	–	1 016	7 698	6 497	1 201	18%	15 593
Road transport		27 036	15 500	–	5 242	5 700	6 458	(759)	-12%	15 500
Environmental protection		753	–	–	–	–	–	–	–	–
Trading services		103 145	76 208	–	735	19 209	31 753	(12 545)	-40%	76 208
Energy sources		4 332	24 917	–	379	4 906	10 382	(5 476)	-53%	24 917
Water management		39 120	45 386	–	356	9 220	18 911	(9 691)	-51%	45 386
Waste water management		58 282	5 905	–	–	5 083	2 461	2 623	107%	5 905
Waste management		1 411	–	–	–	–	–	–	–	–
Other		4 668	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	158 676	132 447	–	8 210	37 032	55 186	(18 154)	-33%	132 447
Funded by:										
National Government		–	120 547	–	8 210	23 858	50 228	(26 370)	-53%	120 547
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		97 923	–	–	–	13 174	–	13 174	#DIV/0!	–
Transfers recognised - capital		97 923	120 547	–	8 210	37 032	50 228	(13 196)	-26%	120 547
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		–	11 900	–	–	–	4 958	(4 958)	-100%	11 900
Total Capital Funding		97 923	132 447	–	8 210	37 032	55 186	(18 154)	-33%	132 447

4. STATEMENT OF FINANCIAL POSITION

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	–	399 597	20 000
Call investment deposits		–	149 000	–	227	149 000
Consumer debtors		304 360	182 450	–	626 473	182 450
Other debtors		138 143	152 287	–	156 354	152 287
Current portion of long-term receivables		6 866	–	–	58	–
Inventory		141 756	270 849	–	140 537	270 849
Total current assets		837 771	774 586	–	1 323 247	774 586
Non current assets						
Long-term receivables		5 434	5 706	–	58	5 706
Investments		47 893	47 000	–	46	47 000
Investment property		53 690	58 442	–	–	58 442
Investments in Associate		–	–	–	–	–
Property, plant and equipment		3 928 342	4 325 276	–	63 293	4 325 276
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		9 314	10 055	–	–	10 055
Other non-current assets		61 764	62 511	–	–	62 511
Total non current assets		4 106 437	4 508 989	–	63 397	4 508 989
TOTAL ASSETS		4 944 209	5 283 575	–	1 386 644	5 283 575
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		16 443	–	–	(105 115)	–
Consumer deposits		21 939	18 876	–	71	18 876
Trade and other payables		331 844	192 200	–	(95 099)	192 200
Provisions		2 024	13 780	–	–	13 780
Total current liabilities		372 250	224 856	–	(200 144)	224 856
Non current liabilities						
Borrowing		–	–	–	(105 115)	–
Provisions		225 285	194 660	–	(201 504)	194 660
Total non current liabilities		225 285	194 660	–	(306 619)	194 660
TOTAL LIABILITIES		597 535	419 516	–	(506 763)	419 516
NET ASSETS	2	4 346 674	4 864 059	–	1 893 407	4 864 059
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 346 674	–	–	(537 545)	–
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	4 346 674	–	–	(537 545)	–

5. CASH FLOW STATEMENT

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	-	11 300	54 774	63 172	(8 398)	-13%	151 613
Service charges		925 944	799 475	-	70 733	360 404	333 115	27 290	8%	799 475
Other revenue		12 282	61 558	-	2 061	9 955	25 649	(15 694)	-61%	61 558
Government - operating		345 657	241 917	-	-	97 843	100 799	(2 956)	-3%	241 917
Government - capital		-	120 647	-	9 000	44 420	50 270	(5 850)	-12%	120 647
Interest		54 002	40 967	-	6 612	21 577	17 070	4 508	26%	40 967
Dividends		4	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(1 269 134)	(1 413 586)	-	(52 097)	(398 434)	(588 994)	(190 560)	32%	(1 413 586)
Finance charges		(4 803)	-	-	-	-	-	-		-
Transfers and Grants		(3 293)	(8 315)	-	(5 163)	(22 456)	(3)	22 452	-648052%	(8 315)
NET CASH FROM/(USED) OPERATING ACTIVITIES		227 885	(5 725)	-	42 446	168 083	1 076	(167 007)	-15524%	(5 725)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	560	-	-	(24 005)	233	(24 238)	-10388%	560
Decrease (increase) other non-current receivables		-	33 600	-	-	-	14 000	(14 000)	-100%	33 600
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(178 327)	(132 447)	-	(8 212)	(37 033)	(55 186)	(18 153)	33%	(132 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(178 327)	(98 287)	-	(8 212)	(61 038)	(40 953)	20 086	-49%	(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)	-	34 234	107 045	(39 877)			(104 011)
Cash/cash equivalents at beginning:		195 470	169 000	-	-	209 990	169 000			209 990
Cash/cash equivalents at month/year end:		246 646	64 989	-	-	317 035	129 123			105 978

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	15 758	4 562	3 098	2 651	2 161	1 819	1 114	52 262	83 427	60 008		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	95 693	12 363	9 416	3 642	3 134	2 353	2 763	48 153	177 518	60 046		
Receivables from Non-exchange Transactions - Property Rates	1400	8 151	5 711	3 581	3 354	2 685	1 965	1 928	40 190	67 565	50 121		
Receivables from Exchange Transactions - Waste Water Management	1500	9 027	3 416	1 970	1 396	1 209	1 039	974	29 724	48 757	34 344		
Receivables from Exchange Transactions - Waste Management	1600	4 333	2 428	1 394	1 169	1 035	954	881	22 646	34 841	26 686		
Receivables from Exchange Transactions - Property Rental Debtors	1700	37	25	5	3	2	3	2	59	136	69		
Interest on Arrear Debtor Accounts	1810	3 782	4 202	2 944	2 798	2 737	2 680	2 633	37 767	59 544	48 616		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	(1 452)	5 602	2 573	1 841	1 217	1 936	991	37 909	50 616	43 894		
Total By Income Source	2000	135 329	38 310	24 982	16 855	14 180	12 751	11 286	268 711	522 403	323 783	-	-
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	11 435	8 879	6 671	3 032	1 821	721	717	18 438	51 715	24 729		
Commercial	2300	67 324	3 179	1 577	1 482	1 237	1 333	1 594	27 752	105 477	33 397		
Households	2400	51 877	27 576	16 733	12 341	11 122	10 697	8 974	222 521	361 841	265 656		
Other	2500	4 693	(1 324)	(0)	(0)	-	-	-	(0)	3 370	(0)		
Total By Customer Group	2600	135 329	38 310	24 982	16 855	14 180	12 751	11 286	268 711	522 403	323 783	-	-

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 September 2018	Balance October 2018	Balance November 2018
Department of Transport	1 465 769	1 357 131	1 167 424
Public Works Provincial	3 840 024	4 049 233	3 154 426
National Housing Board	109 335	117 285	64 314
Department of Agriculture	1 391 817	1 349 220	1 169 610
Department of Education & Schools	13 350 779	13 582 819	9 477 535
North West University	20 125 748	10 317 363	6 529 828
Telecommunication and Postage	646 041	333 441	290 926
Department of Health	4 833 780	5 086 675	2 843 371
Public Works National	9 201 699	18 953 641	19 697 443
Rural Development and Land Reform	6 504 211	6 712 915	7 261 705
Department of Water Affairs	987 641	715 673	292 972
RSA	1 194 414	1 201 582	273 568
Provincial Social Development	172 555	227 084	64 825
SANRAL	12 262	12 503	12 986
TOTAL(Nett)	63 835 972	64 016 453	51 714 989

7. CREDITORS

Description	NT Code	Budget Year 2018/19								Total	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		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	51 663	12	0	-	-			-	51 675	
Bulk Water	0200		12	12	-	23			-	47	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700									-	
Auditor General	0800									-	
Other	0900	2 492	2 133	969	215	285			-	6 092	
Total By Customer Type	1000	54 154	2 157	981	215	308	-	-	-	57 815	-

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 30 November 2018 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 30 Nov 2018.
- 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 30 November 2018 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
ACTING CHIEF FINANCIAL OFFICER
2018.11.14

L RALEKGETHO
MUNICIPAL MANAGER