

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH  
ENDING 31 DECEMBER 2018 (MK/FP) (FPV01.22.02) (RMS 24859)**

**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 December 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 – December 2018

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		167 227	174 268	–	15 428	90 762	87 134	3 628	4%	174 268
Service charges - electricity revenue		739 878	704 219	–	114 151	507 592	352 110	155 482	44%	704 219
Service charges - water revenue		121 196	108 027	–	18 958	77 690	54 013	23 677	44%	108 027
Service charges - sanitation revenue		72 501	66 560	–	10 479	47 180	33 280	13 900	42%	66 560
Service charges - refuse revenue		65 969	61 753	–	5 795	34 668	30 877	3 791	12%	61 753
Service charges - other		–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		3 596	3 642	–	263	1 684	1 821	(137)	-8%	3 642
Interest earned - external investments		21 599	18 177	–	5 111	26 689	9 088	17 600	194%	18 177
Interest earned - outstanding debtors		32 938	22 790	–	–	–	11 395	(11 395)	-100%	22 790
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		76 961	85 455	–	94	1 166	42 727	(41 562)	-97%	85 455
Licences and permits		11 876	14 074	–	5	2 244	7 037	(4 793)	-68%	14 074
Agency services		–	–	–	86	130	–	130	#DIV/0!	–
Transfers and subsidies		346 689	241 906	–	68 384	166 227	120 953	45 274	37%	241 906
Other revenue		35 513	11 341	–	1 285	9 164	5 671	3 494	62%	11 341
Gains on disposal of PPE		–	560	–	–	–	280	(280)	-100%	560
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 695 943</b>	<b>1 512 772</b>	<b>–</b>	<b>240 041</b>	<b>965 197</b>	<b>756 386</b>	<b>208 811</b>	<b>28%</b>	<b>1 512 772</b>

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

<b>Expenditure By Type</b>									
Employee related costs	404 559	439 668	-	35 619	208 510	219 834.00	208 290	94749%	439 668
Remuneration of councillors	21 127	32 551	-	2 148	13 034	16 276	(3 241)	-20%	32 551
Debt impairment	92 686	95 931	-	2 968	11 872	47 965	(36 093)	-75%	95 931
Depreciation & asset impairment	229 030	238 132	-	-	-	119 066	(119 066)	-100%	238 132
Finance charges	4 803	-	-	-	3	-	3	#DIV/0!	-
Bulk purchases	483 994	579 953	-	33 323	295 522	289 977	5 545	2%	579 953
Other materials	81 981	9 842	-	-	-	4 921	(4 921)	-100%	9 842
Contracted services	96 111	91 541	-	10 152	47 102	45 770	1 332	3%	91 541
Transfers and subsidies	-	74 241	-	9 803	43 481	37 121	6 361	17%	74 241
Other expenditure	233 736	250 585	-	13 177	68 095	125 292	(57 197)	-46%	250 585
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1 648 027</b>	<b>1 812 443</b>	<b>-</b>	<b>107 190</b>	<b>687 619</b>	<b>686 607</b>	<b>1 012</b>	<b>0%</b>	<b>1 812 443</b>

### 3. Capital expenditure per department –December 2018

<b>Total Capital Expenditure</b>		<b>158 676</b>	<b>132 447</b>	<b>–</b>	<b>3 598</b>	<b>40 631</b>	<b>66 223</b>	<b>(25 592)</b>	<b>-39%</b>	<b>132 447</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>1 462</b>	<b>630</b>	<b>–</b>	<b>–</b>	<b>184</b>	<b>315</b>	<b>(131)</b>	<b>-42%</b>	<b>630</b>
Executive and council		597	–	–	–	–	–	–	–	–
Finance and administration		865	630	–	–	184	315	(131)	-42%	630
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		<b>15 595</b>	<b>24 516</b>	<b>–</b>	<b>1 837</b>	<b>7 386</b>	<b>12 258</b>	<b>(4 872)</b>	<b>-40%</b>	<b>24 516</b>
Community and social services		1 395	3 370	–	–	67	1 685	(1 618)	-96%	3 370
Sport and recreation		9 371	8 500	–	221	5 006	4 250	756	18%	8 500
Public safety		4 483	12 646	–	1 616	2 313	6 323	(4 010)	-63%	12 646
Housing		346	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>33 806</b>	<b>31 093</b>	<b>–</b>	<b>1 403</b>	<b>8 254</b>	<b>15 546</b>	<b>(7 293)</b>	<b>-47%</b>	<b>31 093</b>
Planning and development		6 018	15 593	–	1 403	7 796	7 796	–	–	15 593
Road transport		27 036	15 500	–	–	457	7 750	(7 293)	-94%	15 500
Environmental protection		753	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>103 145</b>	<b>76 208</b>	<b>–</b>	<b>357</b>	<b>24 807</b>	<b>38 104</b>	<b>(13 297)</b>	<b>-35%</b>	<b>76 208</b>
Energy sources		4 332	24 917	–	–	4 906	12 458	(7 552)	-61%	24 917
Water management		39 120	45 386	–	79	6 596	22 693	(16 097)	-71%	45 386
Waste water management		58 282	5 905	–	278	13 305	2 953	10 353	351%	5 905
Waste management		1 411	–	–	–	–	–	–	–	–
<b>Other</b>		<b>4 668</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>158 676</b>	<b>132 447</b>	<b>–</b>	<b>3 598</b>	<b>40 631</b>	<b>66 223</b>	<b>(25 592)</b>	<b>-39%</b>	<b>132 447</b>
<b>Funded by:</b>										
National Government		–	120 547	–	2 518	25 272	60 273	(35 001)	-58%	120 547
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		97 923	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>		<b>97 923</b>	<b>120 547</b>	<b>–</b>	<b>2 518</b>	<b>25 272</b>	<b>60 273</b>	<b>(35 001)</b>	<b>-58%</b>	<b>120 547</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>		<b>–</b>	<b>11 900</b>	<b>–</b>	<b>1 080</b>	<b>15 359</b>	<b>5 950</b>	<b>9 409</b>	<b>158%</b>	<b>11 900</b>
<b>Total Capital Funding</b>		<b>97 923</b>	<b>132 447</b>	<b>–</b>	<b>3 598</b>	<b>40 631</b>	<b>66 223</b>	<b>(25 592)</b>	<b>-39%</b>	<b>132 447</b>

#### 4. STATEMENT OF FINANCIAL POSITION

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		246 646	20 000	–	637 011	20 000
Call investment deposits		–	149 000	–	227	149 000
Consumer debtors		304 360	182 450	–	849 019	182 450
Other debtors		138 143	152 287	–	151 351	152 287
Current portion of long-term receivables		6 866	–	–	63	–
Inventory		141 756	270 849	–	140 537	270 849
<b>Total current assets</b>		<b>837 771</b>	<b>774 586</b>	<b>–</b>	<b>1 778 209</b>	<b>774 586</b>
<b>Non current assets</b>						
Long-term receivables		5 434	5 706	–	63	5 706
Investments		47 893	47 000	–	46	47 000
Investment property		53 690	58 442	–	–	58 442
Investments in Associate		–	–	–	88 423	–
Property, plant and equipment		3 928 342	4 325 276	–	–	4 325 276
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		9 314	10 055	–	–	10 055
Other non-current assets		61 764	62 511	–	–	62 511
<b>Total non current assets</b>		<b>4 106 437</b>	<b>4 508 989</b>	<b>–</b>	<b>88 533</b>	<b>4 508 989</b>
<b>TOTAL ASSETS</b>		<b>4 944 209</b>	<b>5 283 575</b>	<b>–</b>	<b>1 866 741</b>	<b>5 283 575</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		16 443	–	–	(105 115)	–
Consumer deposits		21 939	18 876	–	254	18 876
Trade and other payables		331 844	192 200	–	(116 109)	192 200
Provisions		2 024	13 780	–	–	13 780
<b>Total current liabilities</b>		<b>372 250</b>	<b>224 856</b>	<b>–</b>	<b>(220 970)</b>	<b>224 856</b>
<b>Non current liabilities</b>						
Borrowing		–	–	–	(105 115)	–
Provisions		225 285	194 660	–	(201 504)	194 660
<b>Total non current liabilities</b>		<b>225 285</b>	<b>194 660</b>	<b>–</b>	<b>(306 619)</b>	<b>194 660</b>
<b>TOTAL LIABILITIES</b>		<b>597 535</b>	<b>419 516</b>	<b>–</b>	<b>(527 589)</b>	<b>419 516</b>
<b>NET ASSETS</b>	2	<b>4 346 674</b>	<b>4 864 059</b>	<b>–</b>	<b>2 394 331</b>	<b>4 864 059</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		4 346 674	–	–	(653 294)	–
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 346 674</b>	<b>–</b>	<b>–</b>	<b>(653 294)</b>	<b>–</b>

## 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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		167 227	151 613	-	11 715	66 489	75 807	(9 318)	-12%	151 613
Service charges		925 944	799 475	-	65 308	425 712	399 738	25 975	6%	799 475
Other revenue		12 282	61 558	-	898	13 395	30 779	(17 384)	-56%	61 558
Government - operating		345 657	241 917	-	68 384	167 103	120 959	46 145	38%	241 917
Government - capital		-	120 647	-	31 393	75 813	60 324	15 490	26%	120 647
Interest		54 002	40 967	-	5 111	26 689	20 483	6 205	30%	40 967
Dividends		4	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(1 269 134)	(1 413 586)	-	(94 418)	(627 121)	(706 793)	(79 672)	11%	(1 413 586)
Finance charges		(4 803)	-	-	-	-	-	-		-
Transfers and Grants		(3 293)	(8 315)	-	(9 803)	(49 266)	(4 158)	45 108	-1085%	(8 315)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>227 885</b>	<b>(5 725)</b>	<b>-</b>	<b>78 588</b>	<b>98 814</b>	<b>(2 862)</b>	<b>(101 677)</b>	<b>3552%</b>	<b>(5 725)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
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		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(178 327)	(132 447)	-	(3 598)	(40 631)	(66 223)	(25 592)	39%	(132 447)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(178 327)</b>	<b>(98 287)</b>	<b>-</b>	<b>(3 598)</b>	<b>(64 636)</b>	<b>(66 223)</b>	<b>(1 587)</b>	<b>2%</b>	<b>(98 287)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1 619	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1 619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>51 177</b>	<b>(104 011)</b>	<b>-</b>	<b>74 991</b>	<b>34 178</b>	<b>(69 086)</b>			<b>(104 011)</b>
Cash/cash equivalents at beginning:		195 470	169 000	-		280 825	169 000			280 825
Cash/cash equivalents at month/year end:		246 646	64 989	-		315 003	99 914			176 813

## 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		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
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		
<b>Total By Income Source</b>	<b>2000</b>	<b>135 329</b>	<b>38 310</b>	<b>24 982</b>	<b>16 855</b>	<b>14 180</b>	<b>12 751</b>	<b>11 286</b>	<b>268 711</b>	<b>522 403</b>	<b>323 783</b>	-	-
<b>2017/18 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
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)		
<b>Total By Customer Group</b>	<b>2600</b>	<b>135 329</b>	<b>38 310</b>	<b>24 982</b>	<b>16 855</b>	<b>14 180</b>	<b>12 751</b>	<b>11 286</b>	<b>268 711</b>	<b>522 403</b>	<b>323 783</b>	-	-

**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)**

<b>Department</b>	<b>Balance October 2018</b>	<b>Balance November 2018</b>	<b>Balance December 2018</b>
Department of Transport	1 357 131	1 167 424	1 167 424
Public Works Provincial	4 049 233	3 154 426	3 154 426
National Housing Board	117 285	64 314	64 314
Department of Agriculture	1 349 220	1 169 610	1 169 610
Department of Education & Schools	13 582 819	9 477 535	9 477 535
North West University	10 317 363	6 529 828	6 529 828
Telecommunication and Postage	333 441	290 926	290 926
Department of Health	5 086 675	2 843 371	2 843 371
Public Works National	18 953 641	19 697 443	19 697 443
Rural Development and Land Reform	6 712 915	7 261 705	7 261 705
Department of Water Affairs	715 673	292 972	292 972
RSA	1 201 582	273 568	273 568
Provincial Social Development	227 084	64 825	64 825
SANRAL	12 503	12 986	12 986
<b>TOTAL(Nett)</b>	<b>64 016 453</b>	<b>51 714 989</b>	<b>51 714 989</b>



## 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		
<b>R thousands</b>											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	33 058	36 056	-	-	-	-	-	-	69 114	
Bulk Water	0200	167	447	167	11	10 009	-	-	-	10 802	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	713	880	-	-	11 229	-	-	-	12 822	
Auditor General	0800	-	1 931	1 254	-	-	-	-	-	3 185	
Other	0900	-	-	-	-	-	-	-	-	-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>33 938</b>	<b>39 314</b>	<b>1 421</b>	<b>11</b>	<b>21 238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95 922</b>	<b>-</b>

**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 31 December 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 31 Dec 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 31 December 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**  
2018.12.14

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