

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH
ENDING 31 JANUARY 2019 (MK/FP) (FPV02.20.01) (RMS 25327)**

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 January 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 – January 2019

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	–	15 266	106 028	101 656	4 372	4%	174 268
Service charges - electricity revenue		739 878	704 219	–	51 791	559 383	410 795	148 588	36%	704 219
Service charges - water revenue		121 196	108 027	–	9 494	87 184	63 015	24 169	38%	108 027
Service charges - sanitation revenue		72 501	66 560	–	6 558	53 738	38 826	14 912	38%	66 560
Service charges - refuse revenue		65 969	61 753	–	5 785	40 453	36 023	4 431	12%	61 753
Service charges - other		–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		3 596	3 642	–	240	1 924	2 125	(201)	-9%	3 642
Interest earned - external investments		21 599	18 177	–	4 704	31 392	10 603	20 789	196%	18 177
Interest earned - outstanding debtors		32 938	22 790	–	–	–	13 294	(13 294)	-100%	22 790
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		76 961	85 455	–	142	1 307	49 849	(48 541)	-97%	85 455
Licences and permits		11 876	14 074	–	447	2 692	8 210	(5 518)	-67%	14 074
Agency services		–	–	–	–	130	–	130	#DIV/0!	–
Transfers and subsidies		346 689	241 906	–	–	166 227	141 112	25 115	18%	241 906
Other revenue		35 513	11 341	–	2 744	11 909	6 616	5 293	80%	11 341
Gains on disposal of PPE		–	560	–	–	–	327	(327)	-100%	560
Total Revenue (excluding capital transfers and contributions)		1 695 943	1 512 772	–	97 171	1 062 367	882 450	179 917	20%	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	208 510	36 880	245 389	256 473	(11 084)	-4%	439 668
Remuneration of councillors	21 127	32 551	13 034	956	13 990	18 988	(4 998)	-26%	32 551
Debt impairment	92 686	95 931	11 872	2 968	14 840	55 960	(41 120)	-73%	95 931
Depreciation & asset impairment	229 030	238 132	-	-	-	138 910	(138 910)	-100%	238 132
Finance charges	4 803	-	3	0	3	-	3	#DIV/0!	-
Bulk purchases	483 994	579 953	295 522	33 380	328 902	338 306	(9 404)	-3%	579 953
Other materials	81 981	9 842	-	-	-	5 741	(5 741)	-100%	9 842
Contracted services	96 111	91 541	47 102	2 662	49 764	53 399	(3 635)	-7%	91 541
Transfers and subsidies	-	74 241	43 481	(9 657)	33 824	43 307	(9 483)	-22%	74 241
Other expenditure	233 736	250 585	68 095	30 751	98 846	146 174	(47 328)	-32%	250 585
Loss on disposal of PPE	-	-	-	-	-	-	-		-
Total Expenditure	1 648 027	1 812 443	687 619	97 940	785 559	1 057 258	(271 699)	-26%	1 812 443

3. Capital expenditure per department – January 2019

Total Capital Expenditure		158 676	132 447	–	4 558	45 188	77 260	(32 072)	-42%	132 447
Capital Expenditure - Functional Classification										
Governance and administration		1 462	630	–	–	184	368	(183)	-50%	630
Executive and council		597	–	–	–	–	–	–		–
Finance and administration		865	630	–	–	184	368	(183)	-50%	630
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		15 595	24 516	–	372	7 759	14 301	(6 542)	-46%	24 516
Community and social services		1 395	3 370	–	372	439	1 966	(1 526)	-78%	3 370
Sport and recreation		9 371	8 500	–	–	5 006	4 958	48	1%	8 500
Public safety		4 483	12 646	–	–	2 313	7 377	(5 064)	-69%	12 646
Housing		346	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		33 806	31 093	–	–	8 254	18 137	(9 884)	-54%	31 093
Planning and development		6 018	15 593	–	–	7 796	9 096	(1 299)	-14%	15 593
Road transport		27 036	15 500	–	–	457	9 042	(8 584)	-95%	15 500
Environmental protection		753	–	–	–	–	–	–		–
Trading services		103 145	76 208	–	4 185	28 991	44 455	(15 463)	-35%	76 208
Energy sources		4 332	24 917	–	–	4 906	14 535	(9 629)	-66%	24 917
Water management		39 120	45 386	–	112	6 707	26 475	(19 768)	-75%	45 386
Waste water management		58 282	5 905	–	4 073	17 379	3 445	13 934	404%	5 905
Waste management		1 411	–	–	–	–	–	–		–
Other		4 668	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	158 676	132 447	–	4 558	45 188	77 260	(32 073)	-42%	132 447
Funded by:										
National Government		–	120 547	–	20	25 291	70 319	(45 027)	-64%	120 547
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Other transfers and grants		97 923	–	–	4 538	4 538	–	4 538	#DIV/0!	–
Transfers recognised - capital		97 923	120 547	–	4 558	29 829	70 319	(40 489)	-58%	120 547
Public contributions & donations	5	–	–	–	–	–	–	–		–
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		–	11 900	–	–	15 359	6 942	8 417	121%	11 900
Total Capital Funding		97 923	132 447	–	4 558	45 188	77 260	(32 072)	-42%	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	-	749 878	20 000
Call investment deposits		-	149 000	-	227	149 000
Consumer debtors		304 360	182 450	-	(77 943)	182 450
Other debtors		138 143	152 287	-	157 104	152 287
Current portion of long-term receivables		6 866	-	-	72	-
Inventory		141 756	270 849	-	140 537	270 849
Total current assets		837 771	774 586	-	969 875	774 586
Non current assets						
Long-term receivables		5 434	5 706	-	72	5 706
Investments		47 893	47 000	-	46	47 000
Investment property		53 690	58 442	-	(0)	58 442
Investments in Associate		-	-	-	-	-
Property, plant and equipment		3 928 342	4 325 276	-	96 578	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	-	96 697	4 508 989
TOTAL ASSETS		4 944 209	5 283 575	-	1 066 572	5 283 575
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		16 443	-	-	(105 115)	-
Consumer deposits		21 939	18 876	-	395	18 876
Trade and other payables		331 844	192 200	-	(91 636)	192 200
Provisions		2 024	13 780	-	-	13 780
Total current liabilities		372 250	224 856	-	(196 355)	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	-	(502 975)	419 516
NET ASSETS	2	4 346 674	4 864 059	-	1 569 546	4 864 059
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 346 674	-	-	(715 645)	-
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	4 346 674	-	-	(715 645)	-

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	–	12 096	78 585	88 441	(9 856)	-11%	151 613
Service charges		925 944	799 475	–	61 053	486 766	466 360	20 405	4%	799 475
Other revenue		12 282	61 558	–	2 744	16 139	35 909	(19 770)	-55%	61 558
Government - operating		345 657	241 917	–	2 744	169 847	141 118	28 729	20%	241 917
Government - capital		–	120 647	–	–	75 813	70 377	5 436	8%	120 647
Interest		54 002	40 967	–	4 704	31 392	23 897	7 495	31%	40 967
Dividends		4	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(1 269 134)	(1 413 586)	–	(40 497)	(667 618)	(824 592)	(156 974)	19%	(1 413 586)
Finance charges		(4 803)	–	–	–	–	–	–		–
Transfers and Grants		(3 293)	(8 315)	–	(9 657)	(58 923)	(4 850)	54 072	-1115%	(8 315)
NET CASH FROM/(USED) OPERATING ACTIVITIES		227 885	(5 725)	–	33 187	132 002	(3 339)	(135 341)	4053%	(5 725)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
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		–	–	–	–	–	–	–		–
Payments										
Capital assets		(178 327)	(132 447)	–	(4 558)	(45 189)	(77 260)	(32 072)	42%	(132 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(178 327)	(98 287)	–	(4 558)	(69 194)	(77 260)	(8 067)	10%	(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)	–	28 630	62 808	(80 600)			(104 011)
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	–	–	343 633	88 400			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		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	8 297	2 837	2 032	1 831	2 221	1 315	1 989	53 844	74 365	61 200	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	34 855	9 400	12 581	6 802	4 858	3 306	2 989	52 127	126 917	70 081	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	9 662	5 469	4 275	3 685	2 787	2 440	1 767	42 815	72 900	53 493	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	4 767	1 977	1 573	1 593	1 077	1 012	965	31 150	44 114	35 796	-	-
Receivables from Exchange Transactions - Waste Management	1600	4 167	2 125	1 452	1 316	1 081	987	930	23 929	35 988	28 244	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	33	12	11	17	3	2	2	63	142	87	-	-
Interest on Arrear Debtor Accounts	1810	3 323	3 295	3 838	4 107	2 890	2 762	2 704	42 726	65 646	55 189	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(13 070)	2 522	3 353	4 137	1 508	1 520	1 141	40 019	41 131	48 325	-	-
Total By Income Source	2000	52 036	27 637	29 115	23 487	16 424	13 343	12 486	286 673	461 202	352 414	-	-
2017/18 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	7 118	3 732	2 702	2 097	2 055	1 843	794	19 467	39 808	26 256	-	-
Commercial	2300	17 755	2 200	3 056	1 783	1 307	1 344	1 095	30 040	58 578	35 568	-	-
Households	2400	27 163	21 705	23 357	19 607	13 063	10 157	10 597	237 166	362 815	290 590	-	-
Other	2500	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	-
Total By Customer Group	2600	52 036	27 637	29 115	23 487	16 424	13 343	12 486	286 673	461 202	352 414	-	-

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 November 2018	Balance December 2018	Balance January 2019
Department of Transport	1 167 424	1 167 424	839 624
Public Works Provincial	3 154 426	3 154 426	3 377 446
National Housing Board	64 314	64 314	78 422
Department of Agriculture	1 169 610	1 169 610	-59 031
Department of Education & Schools	9 477 535	9 477 535	9 746 744
North West University	6 529 828	6 529 828	4 620 724
Telecommunication and Postage	290 926	290 926	374 075
Department of Health	2 843 371	2 843 371	1 751 030
Public Works National	19 697 443	19 697 443	11 141 818
Rural Development and Land Reform	7 261 705	7 261 705	7 704 969
Department of Water Affairs	292 972	292 972	-124 099
RSA	273 568	273 568	315 194
Provincial Social Development	64 825	64 825	27 914
SANRAL	12 986	12 986	13 469
TOTAL(Nett)	51 714 989	51 714 989	39 808 299

7. CREDITORS

Description R thousands	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		
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	36 257	(233)	-	-	-	-	-	-	36 024	
Bulk Water	0200	179	522	179	23	-	-	-	-	904	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	100	136	246	876	-	-	-	-	1 357	
Auditor General	0800	8	1 931	1 254	-	-	-	-	-	3 192	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	36 545	2 356	1 679	899	-	-	-	-	41 478	-

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 January 2019 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 Jan 2019.
- 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 January 2019 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
CHIEF FINANCIAL OFFICER
2019.01.14

L RALEKGETHO
MUNICIPAL MANAGER